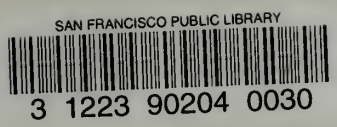

THE IMPACT OF THE NON-PROFIT ARTS ON THE ECONOMY OF SAN FRANCISCO

A STUDY BY
THE SAN FRANCISCO ARTS COMMISSION:
STATE/LOCAL PARTNERSHIP PROGRAM
Conducted by
PUBLIC RESEARCH INSTITUTE:
SAN FRANCISCO STATE UNIVERSITY

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A STUDY COMMISSIONED BY
THE STATE-LOCAL PARTNERSHIP PROGRAM
OF
THE SAN FRANCISCO ARTS COMMISSION

Funding for The Impact of the Non-Profit Arts on the Economy of San Francisco was provided by generous grants from The California Arts Council, The San Francisco Hotel Tax Fund, The San Francisco Foundation, and The Wallace Alexander Gerbode Foundation.

PERFORMED BY
PUBLIC RESEARCH INSTITUTE
SAN FRANCISCO STATE UNIVERSITY
Professor Norman Schneider,
Project Director

The primary mandate of The San Francisco Arts Commission's State Local Partnership Program is cultural planning. Initiated and funded by the California Arts Council in all counties of the state, this Partnership Program addresses the arts needs and issues of each community. In San Francisco, the Commission is aided by an Advisory Task Force, whose work has resulted in various publications, programming and research.

THE IMPACT OF THE NON-PROFIT ARTS ON THE ECONOMY OF SAN FRANCISCO is the result of three years of planning oversight by this Advisory Task Force. A companion study, FACILITIES AND PROGRAMS FOR NON-PROFIT ARTS IN SAN FRANCISCO, is also available from this office. Members of the Advisory Task Force, who stand for election and are approved by the Arts Commission, are as follows:

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THE IMPACT OF THE NON-PROFIT ARTS ON THE ECONOMY OF SAN FRANCISCO

TABLE 0F CONTENTS

INTRODUCTION

The purpose of this study, by the Public Research Institute (PRI) for The State-Local Partnership Program of The San Francisco Arts Commission, was to identify and estimate the contributions that San Francisco's non-profit arts organizations (NPAOs) make to the economy of that city. The economic impact of the non-profit arts is multidimensional and complex. Some contributions are direct and easily understood (e.g., employment offered by these organizations), others arc indirect (e.g., the ancillary expenditures of the arts audience), and still others are dynamic and have only begun to get systematic research attention (e.g., stimulus to the City's advanced services sector). The San Francisco Arts Commission and the Public Research Institute agreed that it would be most useful to provide an account of several important areas in which non-profit arts organizations have an impact, even if treatment of some would necessarily be limited. Therefore, this study is organized into five substantive chapters, each dealing with a different area of impact.

Chapter Abstracts

1. San Francisco Non-profit Arts Organizations: An Economic Profile.

This chapter reports on a questionnaire survey designed and administered by PRI of non-profit arts organizations (NPAOs) in the City and County of San Francisco. Its primary aim was to profile expenditures, income and direct employment of NPAOs in the 1985-86 fiscal year. Data on attendance and neighborhood location were also collected and analyzed.

2. A Demographic and Economic Profile of San Francisco's Non-profit Arts Audience.

This chapter gives the results of an analysis of 14 surveys of San Francisco NPAO audiences conducted between 1979 and 1986. Its focus is on five facets of this audience: 1) expenditures ancillary to attendance, 2) place of residence (resident, visitor, tourist), 3) job and education, 4) audience income, and 5) additional demographic characteristics including gender, race and age.

3. **The Aggregate Economic Impact of Non-profit Arts Organizations on Income and Employment in the City of San Francisco.**

   This chapter provides the most comprehensive estimates of economic impact. It draws on the data from Chapter 1 (NPAO profile) and Chapter 2 (audience profile) to estimate initial direct arts and arts-related expenditures and employment for 1985-86. Multiplier considerations were introduced to estimate secondary income and employment impacts. The two were then combined to estimate the aggregate impact on income and employment.

4. **Arts/Amenities and the Location of Corporate Headquarters: The Non-profit Arts and San Francisco's Advanced Services Economy.**

   This chapter reports on the theoretical and factual basis for crediting San Francisco's non-profit arts environment with contributing to the attraction and retention of corporate headquarters and associated advanced services activity. The importance of advanced services to the City's economy is also examined.

5. **The Non-profit Arts and Neighborhood Growth and Change: The Civic Center/Van Ness and The Mission Neighborhoods**

   This chapter examines in general the role played by NPAOs in the revitalization of declined neighborhoods. It then reports specifically on the role of NPAOs in this process over the past ten years in two neighborhoods: Civic Center/ Van Ness and The Mission.

These chapters provide several different, though inter-related, perspectives on the role that non-profit arts play in San Francisco's economy. Each chapter, while drawing on the others where relevant, has been designed to stand on its own as a singular aspect of the non-profit arts' economic impact. Read together, they provide a multi-dimensional view of the impact of NPAOs on the City's economy.

Study Methodology and Orientation

There are four general features regarding the methodology and orientation of this study which are important to note: [1]

1. **Conservative Estimation.** Throughout the study all empirical estimates of positive economic impacts were given a conservative bias. We were especially concerned to avoid overstating impacts, and therefore, consistently made conservative assumptions and cautious empirical readings of the data. For example: in Chapter 1, we excluded estimated expenditures for non-reporting NPAOs, and in Chapter 3, we used a conservative number for the multiplier estimate.

2. **The Area of Impact Studies was confined to the City and County of San Francisco.** By agreement with the San Francisco Arts Commission, this study looked only at the NPAOs located in San Francisco and only at the economic impacts within San Francisco. One important implication of this orientation is seen in Chapter 3, where a much smaller and more accurate multiplier was used than would be appropriate for metropolitan region studies.

3. **Both Quantitative and Qualitative Analysis was used.** The chapters vary considerably from highly quantitative analysis based on City records and new survey data (e.g., Chapter 1) to a mix of quantitative and qualitative analysis. Qualitative analysis took on greater importance where: 1) the nature of the impact was not yet well-researched, and thus required that we develop a model, and 2) where new large scale surveys were beyond the project scope (e.g., Chapter 4).

4. **Scope for Further Investigation.** In each chapter, major emphasis was placed on establishing a firm conceptual framework, setting the stage for efficient further research to broaden these results, as well as for periodic updating.

Arts and Economics

Finally, we wish to emphasize that the rich, complex and subtle roles the arts play in human society cannot be captured or measured by an investigation of its contributions to economic well-being alone.

---

[1] Detailed issues of methodology and data sources are discussed within each chapter.

COMPREHENSIVE EXECUTIVE SUMMARY

In 1985, San Francisco's non-profit arts organizations (NPAOs) made operating expenditures of $88.3 million; for the period 1984-85, they averaged $8 million per year in capital expenditures.

Ancillary expenditures are made by three different groups: **tourists** (overnight visitors); **visitors** (day or evening visitors); and **residents** (San Francisco residents). In 1985, "visitors", "tourists" and residents who attended performances and exhibitions by NPAOs spent between $100.7 and $120.6 million dollars on eating, drinking, transportation and in some cases lodging.

The amounts of ancillary expenditures which could be directly tied to NPAO presence and correctly subject to the multiplier were:

Tourists	$17 million
Visitors	$35.7 million to $55.6 million
Residents	$4.5 million to $7.6 million *

* Only 10% of the "Residents'" expenditures were considered directly attributable to attendance at arts events, and therefore to the multiplier (See Chapter 3 page 13)

When the secondary impact, using a multiplier of 1.36 (See Chapter 3, Pg. 19-21) is combined with the initial impact, **the aggregate economic impact of the NPAOs is estimated to be between $208 million and $248 million.**

NPAOs have a significant impact on employment in the City of San Francisco. during 1985 over 6,500 people were employed by NPAOs (almost 3,500 full-time equivalent). When ancillary and secondary effects are included, an additional 2,500 jobs are due to arts-related expenditures.

Thus, **approximately 6,000 full-time equivalent jobs and 9,000 total jobs can be directly related to the presence of San Francisco's NPAOs.** Also of interest:

- A majority (59%) of arts employees were women.
- 16% of arts employees were minorities.
- Three quarters of the 188 organization reporting had 4 or fewer full-time employees.
- One third had no full-time employees.

PRI's survey of NPAOs found that the **total annual NPAO income in 1985 was approximately $93 million.**

$45 million of this income was earned income such as box office receipts and other admission fees; the balance was contributed income such as government, foundations, and corporate grants.

55% of the total NPA0 income ($45 million) came from sources outside the City of San Francisco.

San Francisco has many non-profit arts organizations which have been created in the last 20 years, most of which are small. All of the "big 6" organizations are more than 20 years old and 5 of the big 6 are more than 50 years old.

More than 2/3 have been established since 1970.

The six largest NPAOs provide 1602 full-time equivalent jobs - 46% of the total.

Geographically, NPAOs are located in concentric rings within San Francisco:

A concentrated inner core comprised of The Mission, South of Market, Civic Center, and Fort Mason areas.

A large periphery where very few NPAOs are located.

NPAOs serve a large audience:

Slightly **over 5 million people attended performances and exhibits by San Francisco NPAOs** in San Francisco during 1985.

Approximately 658,000 persons attended performances or exhibits by San Francisco NPAOs on tour outside San Francisco during 1985.

Many NPAOs have special programs for seniors (49%), youth (40%), minorities (37%), and other special audiences (44%).

22% of San Francisco NPAOs toured during 1985.

Based on NPAO audience surveys from 1979 to 1986, PRI researchers found that the "typical" audience member who attends San Francisco's NPAO performances and exhibits is: (*)

- highly educated with at least some graduate training.

  45% completed postgraduate training, 40% have at least a 4 year college degree and only 14% have less than a 4 year college degree.

- likely to be employed in a professional occupation.

  41-43% are employed in professional occupations, 8-10% in managerial, 7-9% in technical, 9-11% in clerical/service, 9-11% in blue collar occupations and the remaining 27-29% are either students, unemployed, retired individuals or in occupations not listed above.

- relatively affluent with a median annual household income of $34,792.

  30% made over $50,000, 41% made $25,000-$50,000 and 30% made under $25,000.

- approximately forty-one years of age.

  between 40% and 55% are 30-49 years of age.

- more likely to be female than male.

  59-61% are female, whereas 37-39% are male.

- single more often than married.

  47% are single people, 37% are married and 15%are either divorced, widowed or other.

- most likely White.

  85% are White, 4% are Asian, 3% are Black, 4% are Hispanic and 4% are from another minority group.

(*) For reasons specified in Chapter 2, Appendix B, our Percentages in each category do not always add up to 100%.

The non-profit arts play a key role in defining the quality of a city's amenities environment. Corporate headquarters, all other considerations being equal, are increasingly attracted to cities with strong arts/ amenities environments. The presence of corporate headquarters in San Francisco is important to the maintenance and growth of the city economy generally and to the growth of the key advanced services sector in particular.

Advanced services personnel (those working in management, consulting, finance, insurance, real estate, engineering, research and development, etc.) are drawn to areas with a rich arts/amenities environment and make-uo a significant portion of the NPAO audience.

Corporate headquarters locate in cities with outstanding arts/amenities to take advantage of the advanced services labor force that is drawn there.

Indications are that San Francisco's arts environment plays a positive role in attracting and holding corporate headquarters. Strengthening the arts environment is likely to increase the City's ability to attract new corporate headquarters.

NPAOs help revitalize particular economically declined neighborhoods. Their entry brings in customers, improves safety, enhances ambiance and reveals renovation potential.

In the Mission neighborhood, and especially in the Civic Center neighborhood, surveys indicate that:

Business managers perceive NPAOs as generally good for business.

Arts employees, and especially arts audiences, add significantly to customer demand.

Businesses enter and/or adjust their product line to attract arts audiences.

Neighborhood safety is important to businesses, and business managers perceive the entry of NPAOs as improving safety.

In the Civic Center neighborhood, the opening of Davies Hall was followed by a substantial increase in business turnover and new business growth.

SAN FRANCISCO NON-PROFIT ARTS ORGANIZATIONS: AN ECONOMIC PROFILE

by

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The research reported herein was commissioned by The State/Local Partnership Program of The San Francisco Arts Commission and funded, through that body, by the California Arts Council, The San Francisco Hotel Tax Fund, The Wallace Alexander Gerbode Foundation and The San Francisco Foundation. **This research does not represent official findings or policy of The San Francisco Arts Commission.**

The authors gratefully acknowledge the able assistance of Lyn Talkovsky with coding the survey. The following members of the Economic Impact of the Arts Project staff also contributed to this research: Andrew DeLaney, Richard DeLeon, Paula Frederick, John Gemello, Angela McBride, Kelsey McGee, Kathy Naff, Steve Sechrist, and Julie Silliman.

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Kary Schulman and Kim E. Fowler, the Administrator and Assistant Administrator of the Hotel Tax Fund, provided helpful advice and cheerfully assisted us to include our survey in the Hotel Tax application mailing.

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1600 Holloway Avenue San Francisco, California 94132

CONTENTS

Figures

Executive Summary

San Francisco State University Public Research Institute Economic Impact of the Arts Project: 1986 San Francisco Non-profit Arts Survey*

- **Total 1985 non-profit arts expenditures were approximately $88 million**
  - 2/3 of all 1985 expenditures were made in San Francisco
  - 47% of the expenditures were for salaries of artists administrators, and technicians
- **The organizations spent $ 8.8 million on capital expenditures**
- The organizations provided both full and part time work for artists, administrators, technicians, and others
  - Responding organizations provided 1,960 full time and 4,587 part time jobs in 1985
  - A majority (59%) of employees were women
  - 16% of employees were minorities
- **Music, theater, and dance made the largest economic impact on San Francisco of the various types of non-profit arts organizations**
- **Visual arts and media arts organizations made a smaller but significant contribution to the San Francisco economy.**

---

* This working paper reports responses from 188 surveys completed by San Francisco non-profit arts organizations. The survey of non-profit San Francisco Arts organizations was completed in 1986 as one part of the SFSU EIA Project. Survey results report direct economic impacts only. All data are for 1985. The survey was limited to San Francisco and does not include data on other Bay Area organizations. The categories of arts organizations are those employed by the San Francisco Arts Commission in their Arts Resources Directory.

•Non-profit arts organizations serve a large audience

- **Slightly over 5 million people attended arts performances and exhibits by San Francisco non-profit arts organizations** in San Francisco during 1985
- Approximately 650,000 persons attended performances or exhibits by San Francisco non-profit arts organizations on tour outside S.F. during 1985
- 51% of the people attending performances and exhibits in San Francisco in 1985 were San Francisco residents; 49% were non-residents
- Many arts organizations have special programs for seniors (49%), youth (40%), minorities (37%), and other special audiences (44%)
- 22% of San Francisco non-profit arts organizations toured during 1985

- San Francisco has many non-profit arts organizations which have been created in the last 20 years, most of which are small. All of the "big 6" organizations are more than 20 years old and 5 of the big 6 are more than 50 years old

- Three quarters of the 188 organizations reporting have 4 or fewer full time employees. 1/3 have no full time employees
  - More than 2/3 have been established since 1970
  - The six largest non-profit arts organizations provide 1602 full time equivalent jobs -- 46% of the total

- Geographically the organizations are located in concentric rings within San Francisco:

  - A concentrated inner core comprised of the Mission, South of Market, Civic Center, and Fort Mason areas
  - An adjacent inner ring with a much lower concentration of organizations surrounding the inner core area
  - A large periphery where very few organizations are located

- Total annual income in 1985 was approximately $ 92 million
  - $45 million of this income was earned income such as box office receipts and other admissions fees; the balance, contributed income such as government, foundation, and corporate grants

- San Francisco Arts Organizations earn income for San Francisco
  - 55% of the organizations' total income ($45 million) came from sources outside the city of San Francisco

SAN FRANCISCO NON-PROFIT ARTS ORGANIZATONS: AN ECONOMIC PROFILE

This working paper reports the findings of a survey of non-profit arts organizations in San Francisco conducted as part of the San Francisco State University Public Research Institute Economic Impact of the Arts Project[1]. The survey obtained cross-sectional information on the economic characteristics of the organizations in 1985.

A description of the survey methodology is contained in Appendix A, a list of the survey respondents in Appendix B, and the survey instrument and raw responses in Appendix C.

Overview

As background to economic analysis it is important to provide a profile of San Francisco non-profit arts organizations. Who are they? What kind of arts activities do they do? How large are they? What is the relative contribution of different types of arts activities to employment and expenditures in San Francisco? How large are the audiences for different types of arts activities? Have the organizations been around for a long time or a short time? Where are they located? This section of the report provides an overview of the San Francisco non-profit arts community based on answers to these questions. Here, and elsewhere throughout this report the focus is on direct impacts. The information on expenditures does not factor in ancillary expenditures or multiplier effects. The full impact of expenditures is considerably larger when such effects are taken into account. A separate part of the economic impact of the arts project estimates the magnitude of these effects.

Number and Types of Arts Organizations

There are a large number of non-profit Arts organizations in San Francisco. A compilation of organizations from existing directories yielded a total of 367 non-profit San Francisco arts organizations in existence in 1986 which met criteria for inclusion in this study [2]. Through the survey Information on 188 of these organizations (51%) was obtained, including information from all the large and virtually all of the medium sized organizations. The respondents account for an estimated 97% of total non-profit arts economic activity in San Francisco [3]. Except for information on the total number of organizations, data presented in this paper is for the respondents only. Thus it represents a modestly conservative approximation of total non-profit arts activity.

The San Francisco Arts Commission classifies non-profit arts organizations into seven categories [4], the seventh of which -- "Multi-disciplinary Organizations" also includes all miscellaneous organizations which do not fit into any other category. The number of different types of arts organizations in each category is illustrated in figure 1 on the next page.

Figure 1 below shows that there are many more organizations involved in some types of arts activity than in others. Music, theater, dance and multi-disciplinary Organizations each accounted for a little less than one fifth of all responses. The balance of responses were distributed among fairs and festivals, and visual arts and media arts (somewhat fewer for each of the latter). [5]

The distribution of the **numbers** of different types of non-profit arts organizations provides an important starting point. But to understand the nature of the organizations we must turn to results of the survey. **For the balance of this report information is for survey respondents only.**

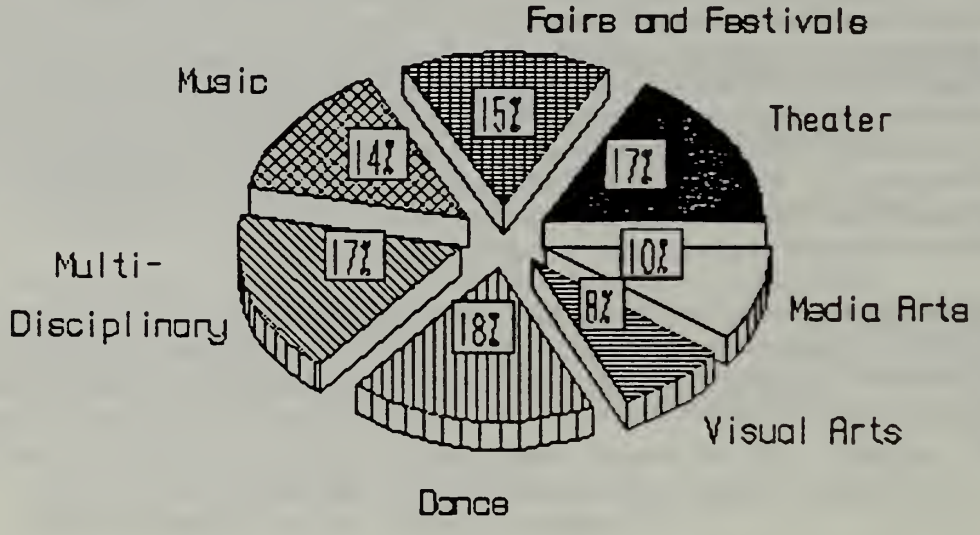
Most San Francisco non-profit arts organizations are quite small. Respondents total median 1985 expenditures were $88,405, median estimated full time equivalent employment was 4.65 employees, and median 1985 audience attendance was 6,528 [6]. Since the survey reached all of the largest organizations, but a large number of very small organizations did not respond, the true population medians are even smaller.

While most San Francisco non-profit arts organizations are quite small a few very large organizations account for a large percentage of the total economic activity. The characteristics of these large organizations are shown in the box on the next page.

Figure 1

Types of Arts Organizations in San Francisco

(N = 365)



Source: Sampling Frame For SFSU EAI Project. See Appendix A.

Box 1: Big Time Art

How dominant are the really big non-profit arts organizations among all non-profit arts organizations? The "big six" organizations are frequently described as a dominant group: the San Francisco Opera, Symphony, Ballet, Fine Arts Museums, American Conservatory Theatre and the Museum of Modern Art.

The big six organizations were in fact the largest organizations in our survey as measured by 1985 expenditures and most other measures of economic impact. All of the big six organizations had 1985 expenditures in the $5 million to $17 million range. In 1985 these organizations accounted for $61,000,000 in expenditures (69% of the total spent by all non-profit arts organizations); and had income of $64,000,000 (72% of the total). They provided 1602 full time equivalent jobs (46% of the total) and accounted for 2,175,729 (43%) of the total San Francisco based audience attendance.

Analysis of the rank orderings of the large organizations sheds some light on just how big is big. Three other organizations included in our survey also qualify as big timers with 1985 expenditures of between $3.1 and $3.5 million: The San Francisco Arts Institute, Exploratorium, and San Francisco Conservatory. There is a large gap between the "big nine" organizations and the next ranked organization which had 1985 expenditures of approximately $ 600,000 -- only about a fifth as large as the smallest of the big nine. Together the big nine organizations accounted for more than 80% of 1985 expenditures and dominate other measures of economic impact [7].

How different Arts Activities Contribute To the San Francisco Economy

Another key threshold question is to what extent do different types of arts activities contribute to the San Francisco economy? Figure 2 on the next two pages presents key economic indicators broken down by different categories of arts activities. Figure 3 provides some important information on how different arts activities contribute to the San Francisco economy.

First, is the importance of music. In 1985 Musical organizations accounted for about $40 million in expenditures within San Francisco and had more than a thousand full time equivalent employees. The Opera and Symphony are all large organizations with annual budgets in excess of $16 million each. These two organizations explain the particularly significant impact of musical organizations on the San Francisco economy.

Visual Arts, Theater, and Dance are major contributors after Music. No one of these categories ranks second to music on all three of the dimensions of expenditures, full time equivalent employment and San Francisco attendance.

Multi disciplinary programs and cultural centers are also important contributors to arts economic impact.

Media arts is the smallest category.

Fig 2

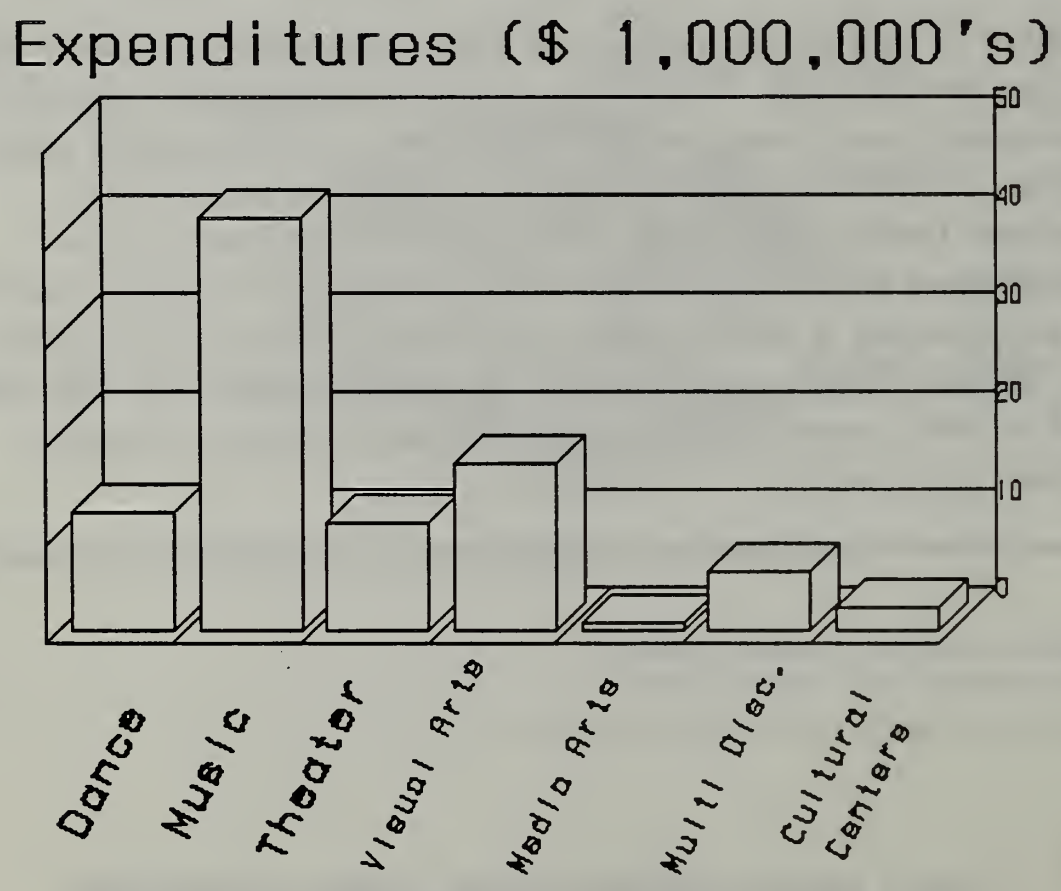
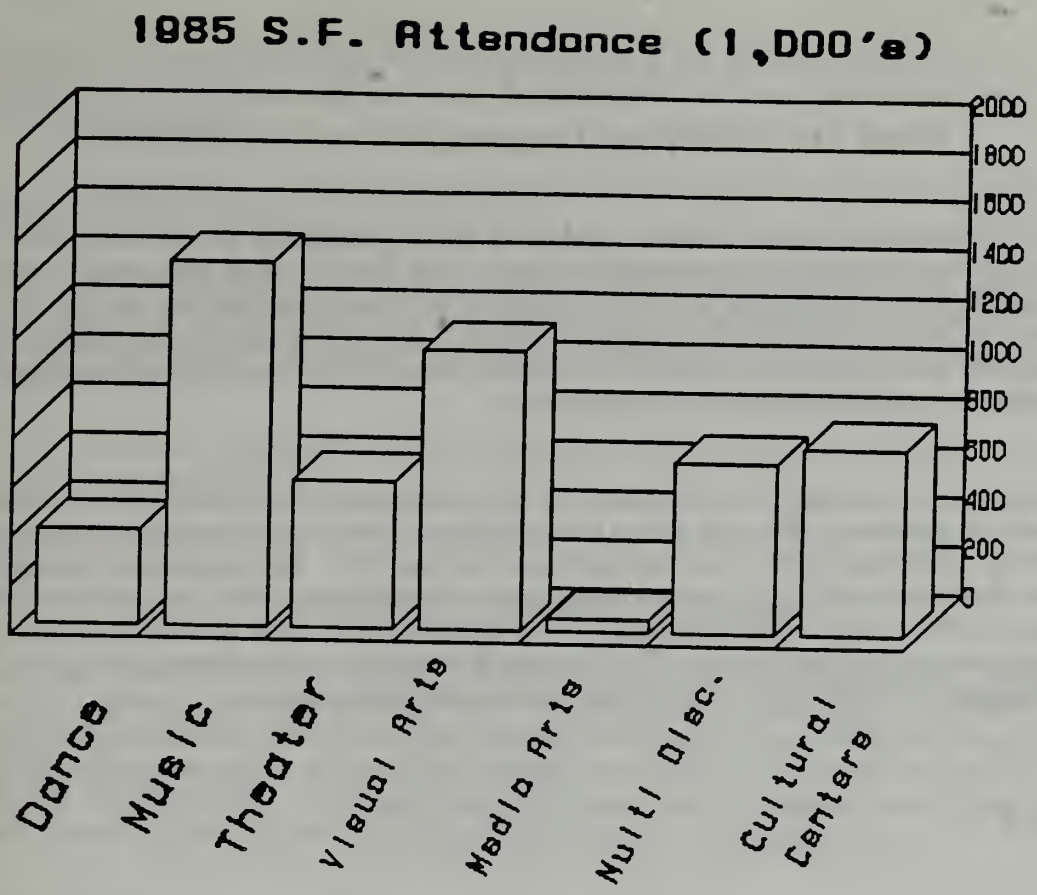
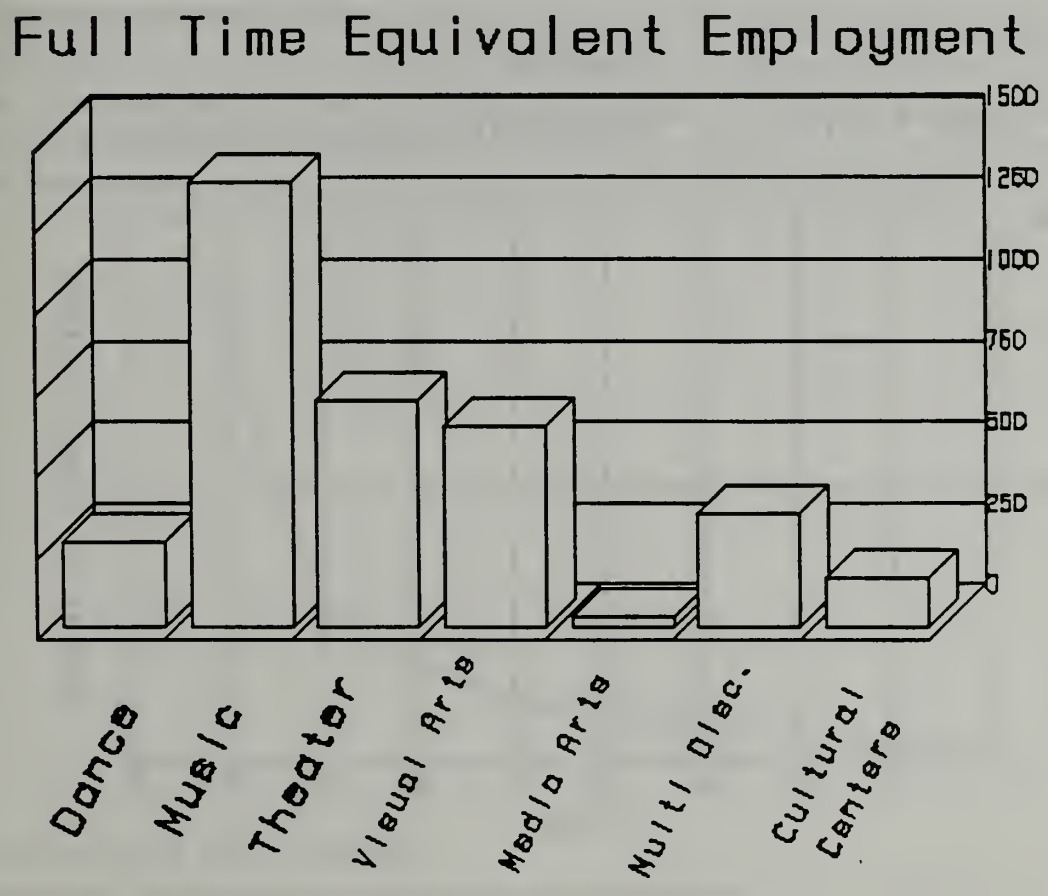


Fig 2 cont





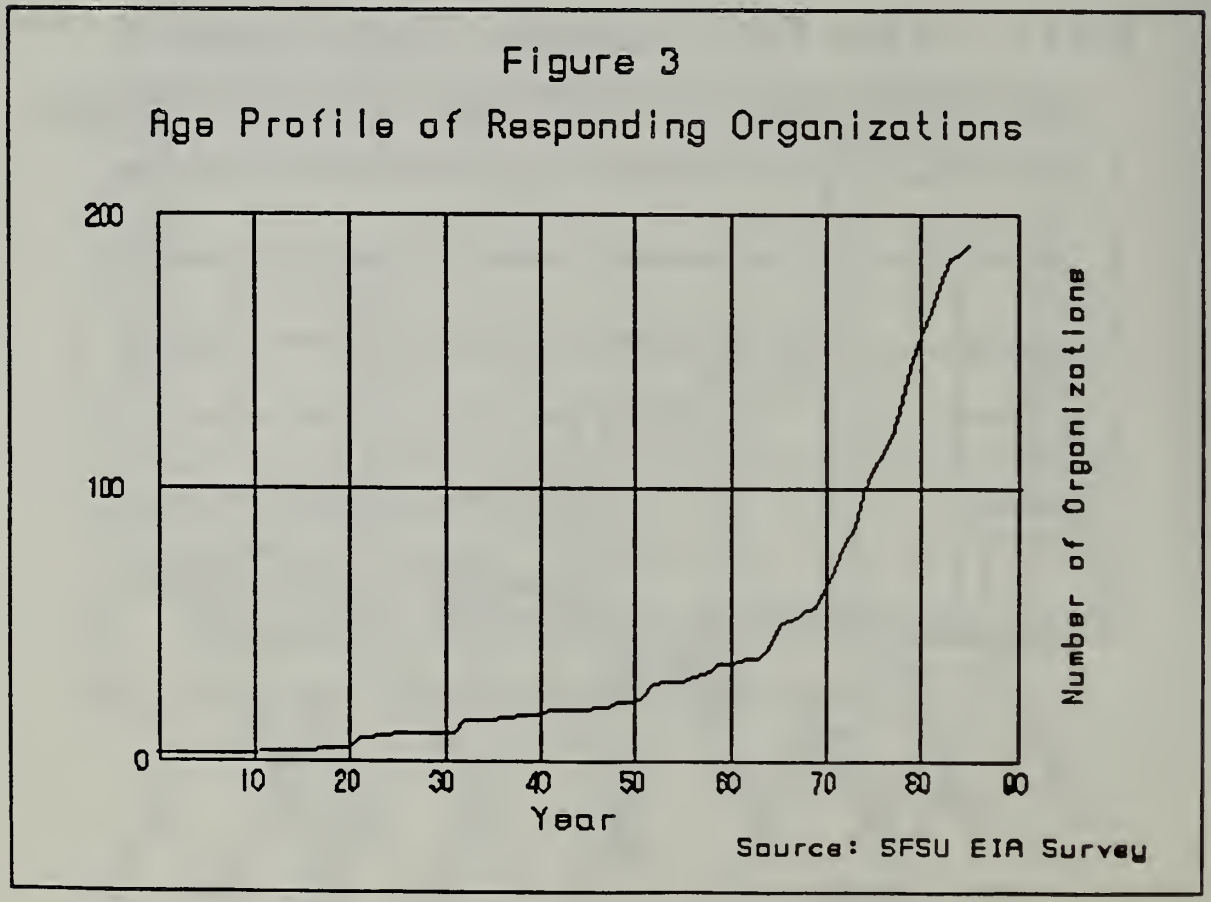
Source: SFSU EIA Survey

When The Responding Organizations Were Established

Most of the responding San Francisco non-profit arts organizations are relatively new. More than two thirds have been established since 1970. Figure 3 is an age profile of the responding arts organizations. It shows how many of these organizations were in existence at all times since 1900. Figure 3 does not indicate how many organizations were in existence in any given year as the survey could not obtain data on defunct organizations. Nonexistent organizations don't return surveys.

Figure 3 shows a number of things about the age distribution of organizations which are currently in existence. The line shows the cumulative number of responding organizations which were in existence for each year between 1900 and 1985. The extreme left bottom of the line shows that only 3 of the respondents were in existence in 1900; the extreme right top that in 1985 all 188 were in existence. The grid lines help show how many were in existence at each year in between. The horizontal line in the middle shows 100 organizations as a reference. The vertical lines set off each decade.

Figure 3



Most striking is the spurt of activity which occurred in the 1970's. Almost half of all responding San Francisco non-profit arts organizations now in existence were established during the 1970's [8].

Figure 3 suggests that new non-profit arts organizations were coming into existence in the 1980's at about the same rate as in the 1970's.

Figure 3 shows the numbers of organizations in existence at any time, but does not indicate the magnitude of arts activity at any time. Many of the older organizations are also among the largest. Five of the big six San Francisco non-profit arts organizations are more than fifty years old [9].

Most respondents received 501(c)(3) tax exempt status within one to five years of the time that they were created [10].

Where Arts Activities are Located

In addition to measuring the number, size and key economic characteristics of non-profit arts organizations important questions arise concerning the location of arts activities. A threshold question is to pinpoint the number of arts organizations in different areas of the city. Another approach is to determine the magnitude of direct economic impacts in different neighborhoods. The latter approach is particularly important to the question: how much impact do the arts have on specific San Francisco neighborhoods?

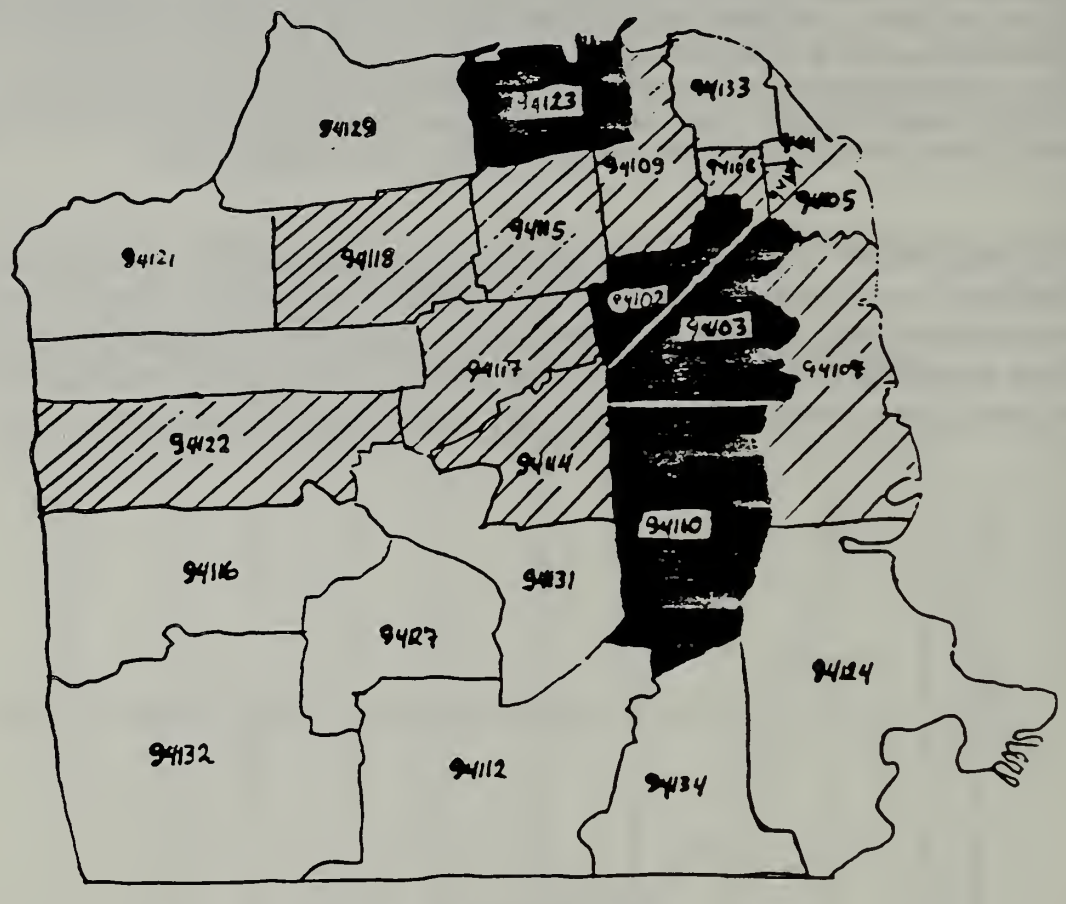
Arts organizations in San Francisco are located in a rough concentric ring. Figure 4 on the next page is a map indicating the geographic location of respondents. Figure 4 is organized by zip code because zip codes are a consistent and easily determined indicator of location. Then the analysis focuses on the three most important concentrations of arts activities based on more rigorous definitions of the neighborhoods in which they are located.

There is a high concentration in the number of non-profit arts organizations in a core of four centrally located zip code areas of the city.

This core is surrounded by an adjacent inner ring with a substantial number of arts organizations.

FIGURE 4

Location of S.F. Nonprofit Arts Organizations By Zip Code Area



Beyond the inner ring there are very few non-profit arts organizations.

Figure 4 shows the largest numbers of non-profit arts organizations in four areas: near the Civic Center, in the Mission district, at Fort Mason, and in the South of Market area. Four zip codes roughly corresponding to these four areas contain more than half of all respondent organizations. The remaining half are distributed in twenty-two other zip code areas within San Francisco.

In order to get a more precise picture of the economic impact of non-profit arts organizations in the most heavily impacted neighborhoods, three high concentration neighborhoods were precisely defined: The Civic Center, Mission, and South of Market areas. Precise boundaries for these neighborhoods were specified using San Francisco City Planning Department definitions [11].

Figure 5 on Page 10 provides key information on the economic impact of the arts in these three neighborhoods.

Two points stand out: (a) The three neighborhoods account for a large percentage of all San Francisco non-profit arts activity, (b) the Civic Center area has an especially heavy concentration.

The three neighborhoods had the following amounts of expenditures, employment, and audience attendance:

	Civic Center	Mission	South of Market
Expenditures ($millions)	$41.3	$4.2	$7.7
FTE Employment	1,099	482	276
Audience Attendance At S.F. Performances And Exhibits	1,385	543	532

Box 2:

Three Key Neighborhoods: Civic Center, Mission, and South of Market

The three neighborhoods Together have a large A Large Combined Impact:

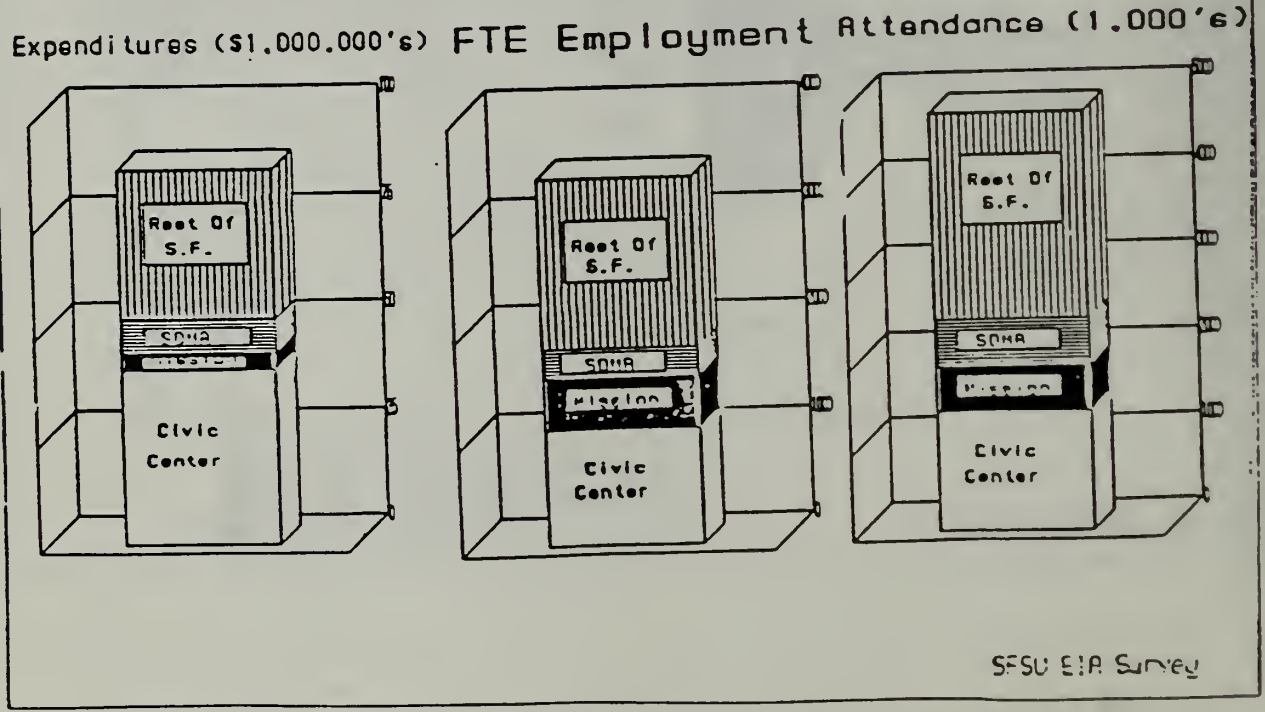
61% of all expenditures citywide
54% of all FTE employment citywide
50% of all S.F. attendance citywide

The Civic Center Neighborhood Has a Particularly Large Impact:

47% of expenditures citywide
32% of FTE employment citywide
28% of S.F. attendance citywide

FIGURE 5

Key Arts Economic Indicators
Selected San Francisco Neighborhoods



Expenditures

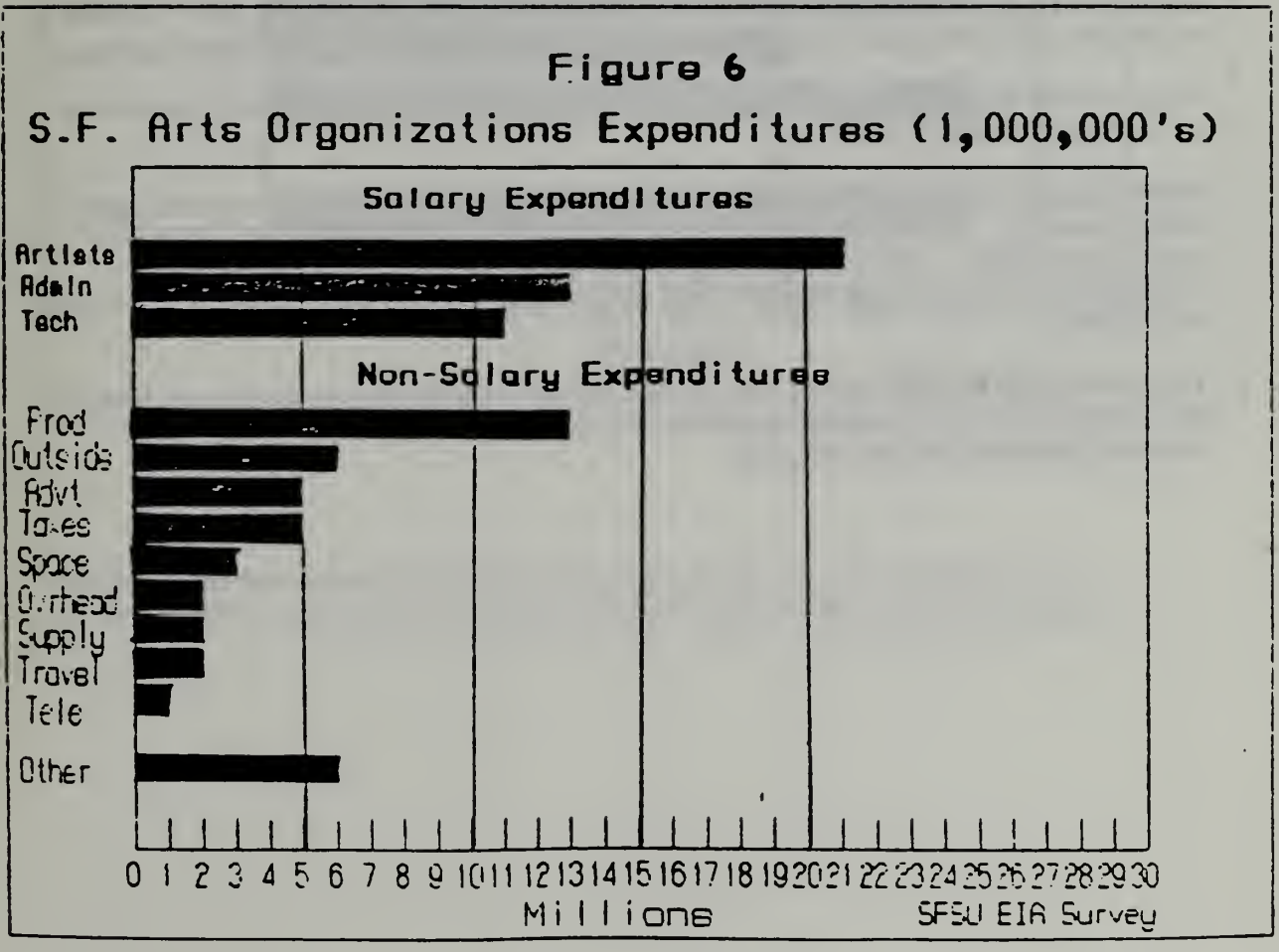
A key area of inquiry was expenditures by non-profit arts organizations. Expenditure questions are threshold questions in understanding the economic impact of the arts. They are also essential building blocks for modeling secondary impacts of the arts on the San Francisco economy. How much d arts organizations spend? For what things? To what extent do they spend their money within San Francisco as employers and purchasers of goods and services? How much do the organizations spend on capital expenditures? Do they pay significant property or other taxes to the city?

How Much Do Non-profit Arts Organizations Spend?

Respondents reported total 1985 expenditures of about $88 million.

What The Organizations Spend Their Money On?

Figure 6 below shows a breakdown of total expenditures. Figures are dollars not percents. The grand total of all expenditures is the sum of all of the bars for salary and non-salary expenditures combined [12].



A little less than half (47%) of all 1985 expenditures went for salaries: artistic, administrative and technical, in that order.

Slightly more than half (53%) of all 1985 expenditures went for non-salary expenditures. Production costs accounted for by far the largest proportion of non-salary expenditures: 13% of all expenditures. The remaining non-salary expenditures were distributed among a variety of items.

Capital Expenditures

The organizations spent substantial funds for capital improvements -- about $ 8.5 million in each of the last two years [13]. Many organizations have no capital expenditures while one organization reported a capital expenditure of 3.5 million in 1985.

Taxes

Another area of inquiry concerned taxes - particularly the extent of local real property tax payments to the city. Some organizations own taxable real property and pay direct property taxes to the city. Other organizations indirectly contribute to local property taxes by renting space from other organizations who pay the taxes. Consistent with the approach of this paper the following section reports only on direct property tax expenditures.

Less than a fifth of respondents reported paying direct property taxes in 1985. The total property tax paid by the organizations which did pay property taxes was $ 5,287: a mean payment of $220 per organization for those organizations which did pay property taxes.

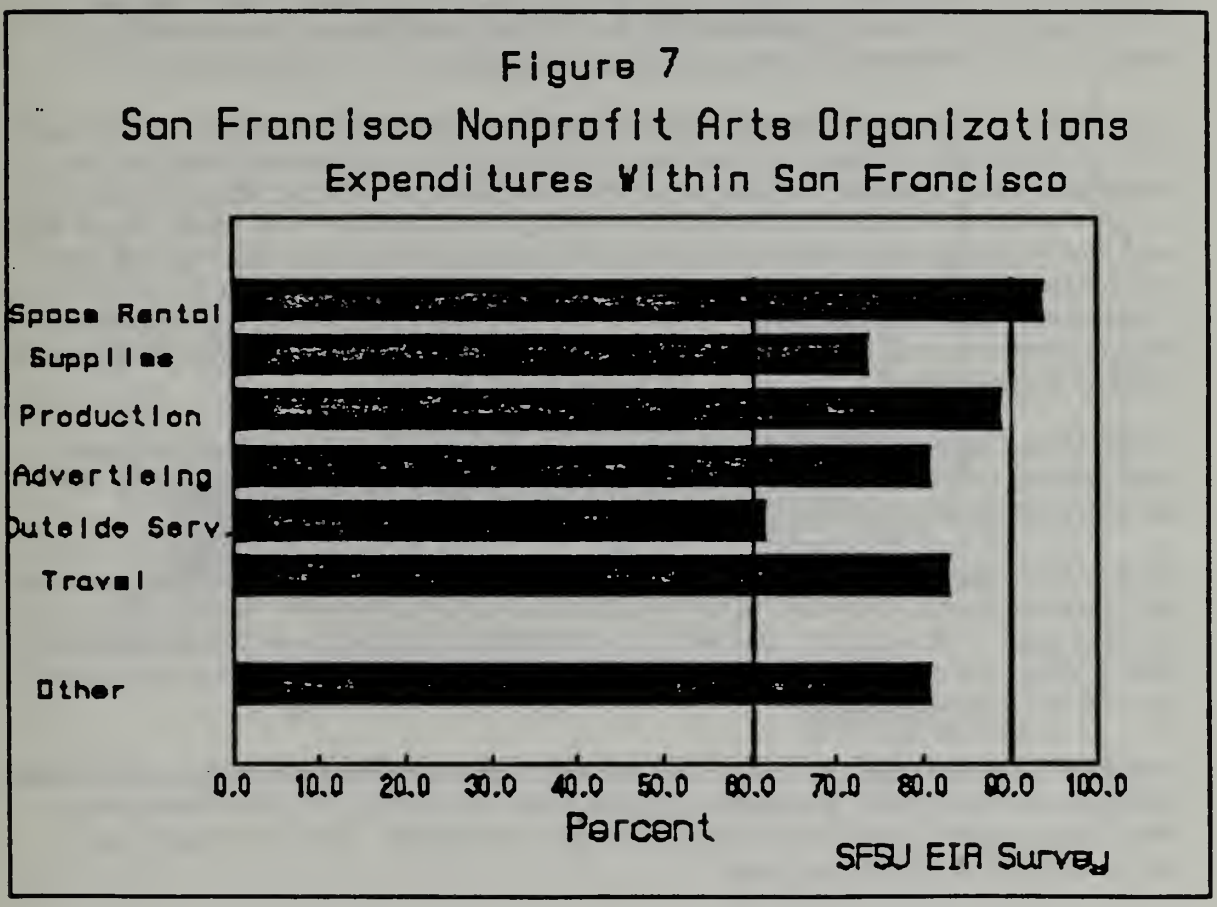
About 10% of the organizations reported paying some other tax. Cumulatively these other tax payments totaled $ 42,000.

About a quarter of non-profit arts organizations engage in activities which requires them to collect sales tax. The respondents who do collect sales tax collected about $170,000 in sales taxes in 1985. A few organizations which operate stores or other high-volume concessions pull the average sales tax paid up to $5,130 for the organizations which do pay sales taxes.

The above analysis does not take into account indirect contributions to local taxes through rent payments, induced ancillary expenditures, multiplier effects, and property value increases attributable to arts activities.

San Francisco and Non-San Francisco Expenditures

On average San Francisco Organizations make between 60 and 90% of their expenditures within San Francisco depending upon the category of expenditure [14]. The weighted mean percentage spent within San Francisco by category ranges from a low of 62% for outside services to a high of 90% spent on space rentals.



Looking at purchases from San Francisco businesses, the city's non-profit arts are a significant source of demand for commercial space, office supplies, and advertising.

Jobs

How many full and part time jobs do these organizations provide? How much variation is there in the number of employees by organization? What is the sex and racial composition of the non-profit arts workforce?

Full, Part Time, and Full Time Equivalent Employment

Non-profit arts organizations provide substantial direct employment in San Francisco. Survey respondents directly provide close to 2,000 full time jobs and more 4,500 part time jobs [15]. Estimated fulltime equivalent employment was 3,500 persons [16].

In addition to direct employment the organizations generate additional indirect employment from the goods and services they purchase and the ancillary expenditures made in San Francisco by their patrons. Indirect employment includes jobs for the hotel workers who service visitors; attorneys, accountants, advertising executives and other professionals they hire; jobs for the service workers who paint their buildings and repair their vehicles; and jobs for the restaurant workers who serve art patrons who come for dinner before a show. A companion part of the Economic Impact of the Arts Study models and estimates these indirect impacts as well as the employment resulting from the multiplier effect of arts and ancillary expenditures.

A little more than one third of all full time equivalent employment in the non-profit arts organizations (36%) is for artists. Administrators account for 34%, technicians for 24%, and other personnel for 6%.

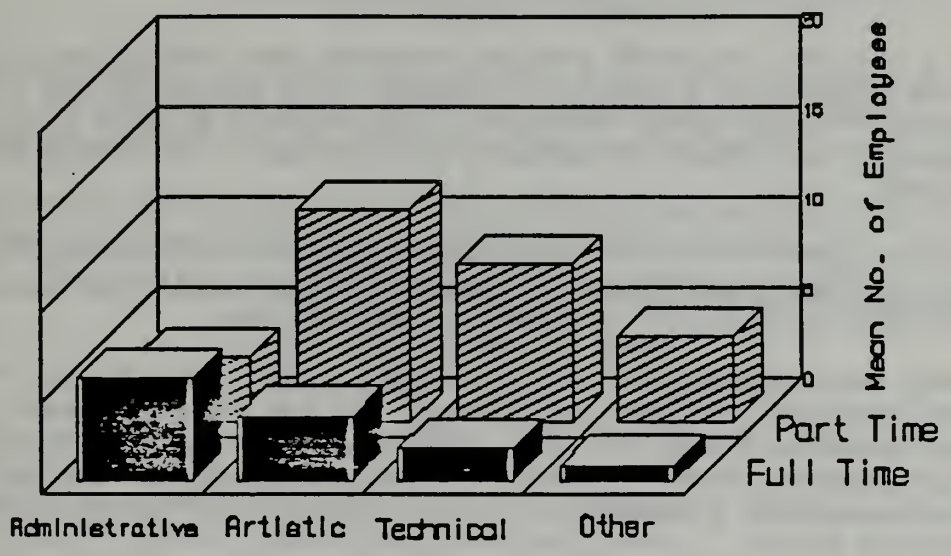
Most organizations have very few employees, but a few very large non-profit organizations are major employers. One third of the organizations surveyed reported that they have no full time staff. Three-quarters have 4 or fewer full time staff members. In contrast the box on Big Time Arts on page 3 shows that the big six organizations employed almost half of the total full time employees.

Non-profit arts organizations tend to hire full time administrative staff and part time artistic, technical, and other staff. In contrast, generally they have a few full time administrators and a larger number of part time artists and support personnel. These relationships are shown in figure 8 on the next page.

Figure 8

Full and Part Time Nonprofit Arts Employment

By Type of Employment



Sex and Race of the Non-profit Arts Workforce

About 60% of the non-profit arts organization employees are women [17].

About one sixth of non-profit arts organization employees are minorities [18].

Box 3 Minority Arts Organizations

It is not easy to define minority arts organizations, and many alternative definitions are possible. As an approximation we defined any organization which responded that more than half of their employees were minorities as a minority arts organization. 37 of the 133 organizations which provided information on the racial composition of their employees (27%) qualify as minority arts organizations under this test.

While the minority non-profit arts organizations are similar to other non-profit organizations in some respects, they differ in some important ways.

Responding minority non-profit arts organizations were distributed among types of arts activities in a pattern very similar to all non-profit arts organizations. The percentage of minority organizations in each of the seven categories was within ten percent plus or minus of percentage for all organizations.

The minority arts organizations are more geographically dispersed than all non-profit arts organizations with few organizations in the Civic Center area where the heaviest concentration of non-profit arts activity in San Francisco takes place.

The minority arts organizations tend to be quite small. Together the 37 respondents combined had only an estimated 160 full time equivalent employees: less than 5% of the total. They reported 63 full time and 296 part time employees. They reported 1985 expenditures of $3.4 million: about 4% of total 1985 expenditures by all non-profit arts organizations in San Francisco.

Despite their small size the organizations make a substantial contribution to S.F. performances and exhibits. In 1985 the responding minority non-profit arts organizations had San Francisco audiences totalling over 600,000 people and reached another 47,000 people on tour.

About two thirds (66%) of the people attending performances and exhibits of minority non-profit arts organizations come from within San Francisco. Thus **minority arts organizations have a more local audience base than non-profit arts organizations as a whole.** For all San Francisco non-profit arts organizations about half of the audience members are from San Francisco.

The minority non-profit arts organizations are even less likely to tour than other non-profit arts organizations: just nine of the responding minority organizations toured.

Audiences and Attendees at Exhibits and Performances

Another set of questions focused on the non-profit arts organizations audiences and the people who attend their exhibits. How many people attend performances and exhibits in San Francisco? How many people attend performances or exhibits by San Francisco organizations on tour outside of the city? Are the organizations reaching seniors, youth, minorities, and other special audiences? Following is a summary of findings from the economic impact of the arts survey. As a separate part of the economic impact of the arts project, other existing audience surveys were collected. A synthesis of these surveys and a supplementary analysis of San Francisco non-profit arts audiences is included in the final project report.

San Francisco Audiences

The total number of people in the audience of San Francisco based performances and exhibits was over 5 million people in 1985 [19]. More than 650,000 additional people attended San Francisco arts organizations' performances and exhibits on tour [20].

Almost exactly half of the people attending performances and exhibits in San Francisco by the responding organizations were from outside San Francisco [21].

Box 4: On The Road

Touring is a significant, but secondary activity. Most San Francisco arts organizations do not tour. Those that tour have many fewer performances or exhibits than the average arts organization undertakes within San Francisco. Performances and exhibits on tour play to smaller audiences than ones in San Francisco. Less than 4% of the total income generated by arts organizations was generated from tour activities. Overall the organizations run a small deficit on their touring.

Less than a quarter of the organizations surveyed (22%) tour.

Touring organizations reported tour-related expenditures of $3.5 million dollars and tour revenues of $ 3.3 million in their most recent year of operation.

While the majority of touring outside San Francisco takes place within the Bay Area there is substantial touring by San Francisco-based groups beyond the Bay area.

Special Audiences

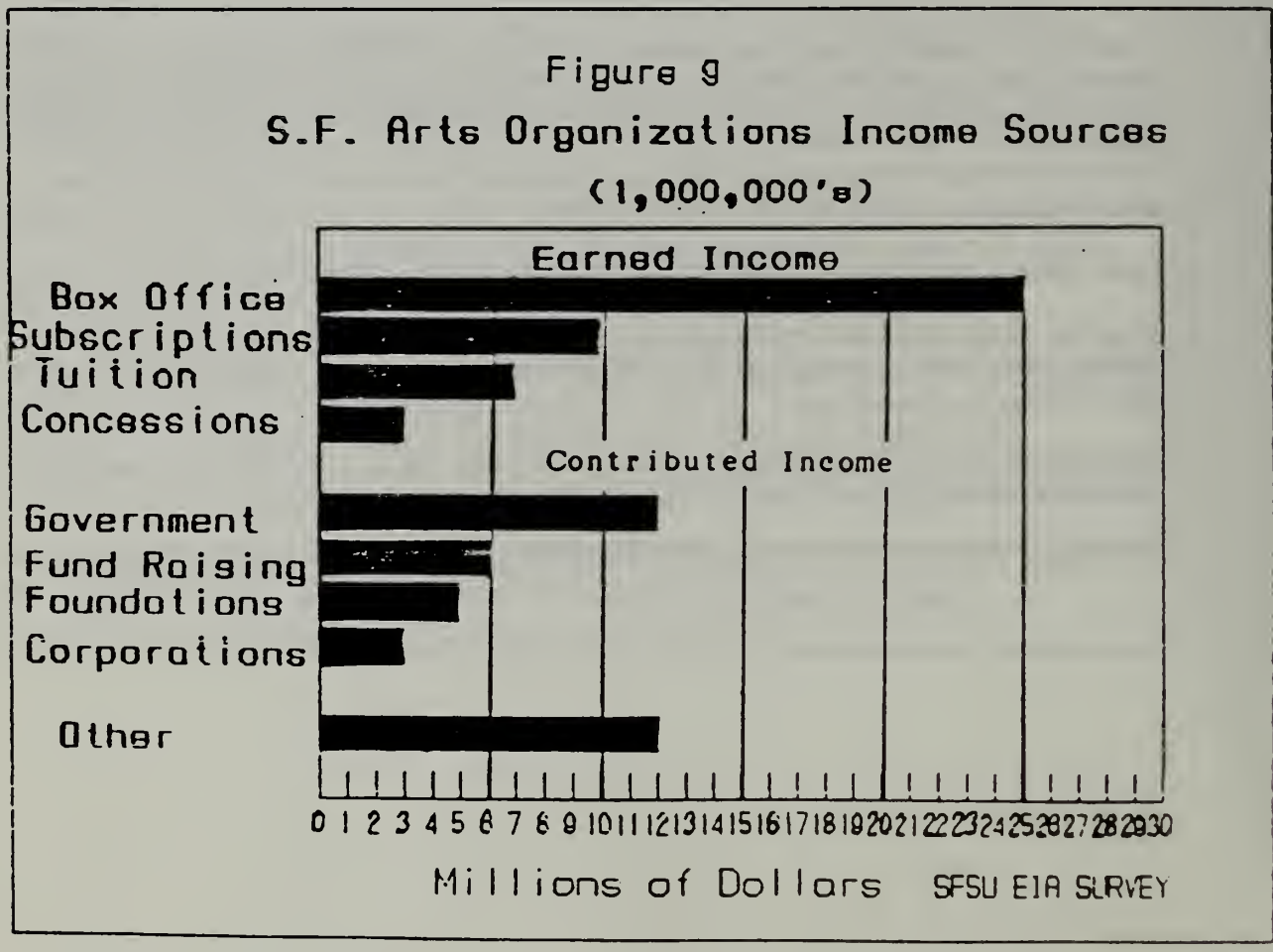
San Francisco non-profit arts organizations reported that they make considerable efforts to reach special audiences: 44% reported special programs to reach senior citizens; 40% youth; and 37% minority audiences. 44% reported programs to reach other special audiences.

Income

Another important group of questions focused on the income side of the ledger: How much income do non-profit arts generate? From what sources? What is the number of tickets sold and income from ticket sales? How much is earned, how much contributed? How much do organizations charge for tickets?

Overall Income

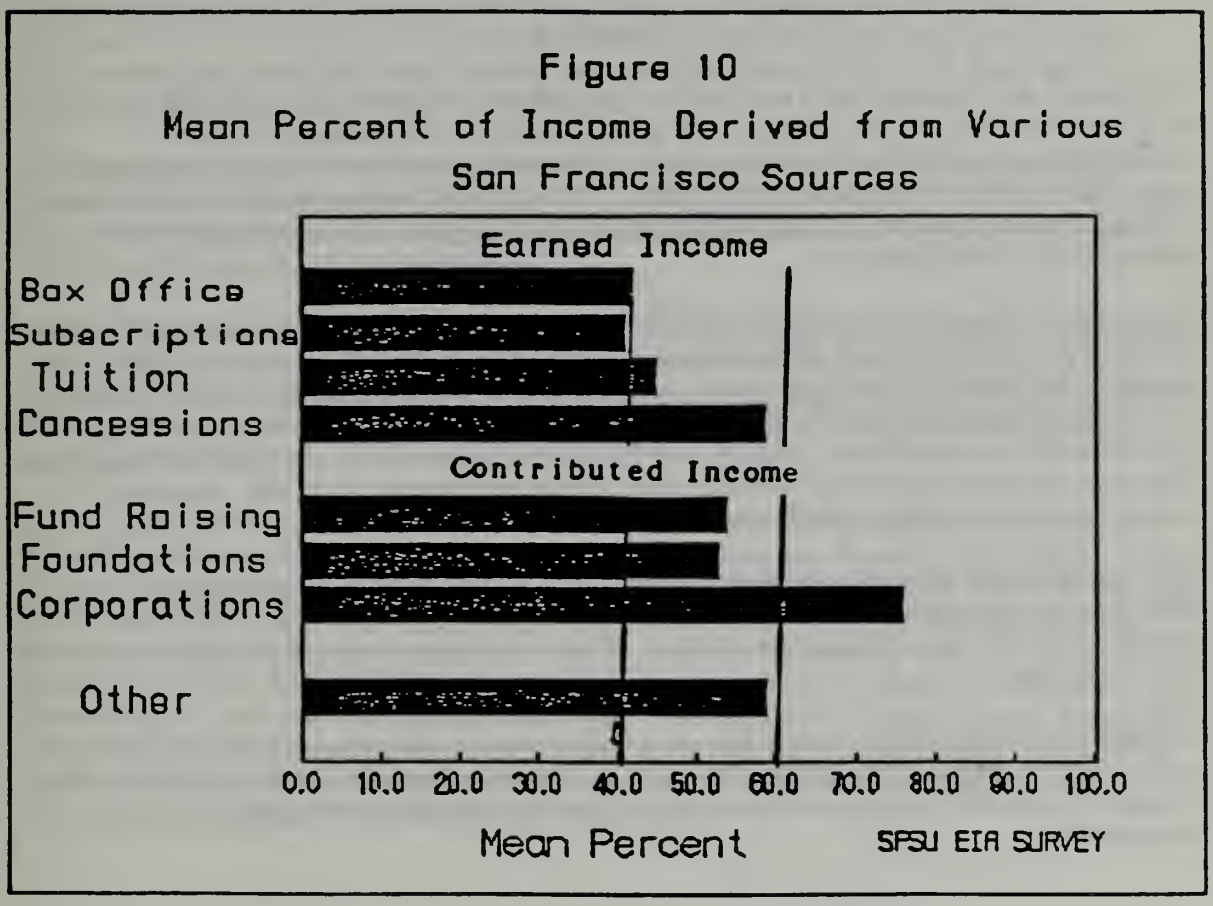
Responding arts organizations had annual income of about $ 92 million [22]. Roughly half ($ 45 million) of 1985 income was earned income from box office receipts and admission fees, subscriptions, tuition, and concessions, and other sources. The other half was contributed income from government grants, fund raising, foundations, corporations and other sources. [23]



San Francisco and Non-San Francisco Income

San Francisco non-profit arts organizations derived a little more than half of their total 1985 income from San Francisco sources (both earned and contributed) and the balance -- $45 million dollars (55 percent) from non-San Francisco sources, Figure 9 [24].

Figure 10 shows that for most income sources the mean percent derived from San Francisco sources was between 30% and 60%: outside sources between 40% and 70%.* [25]



Non-San Francisco income is especially important because it is a rough measure of San Francisco's non-profit arts as an "export industry." Dollars received and spend from this source, unlike San Francisco sources, have a multiplier impact on the city's income and employment.

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* Figure 10 does not show government income, including Hotel Tax Fund income, as an accurate breakdown was not obtained in our survey. The largest local source of government funding is the Hotel Tax Fund. Organizations received $4,045,600 from this source in 1984/85 (Archives for the Performing Arts Quarterly **Encore**, Vol 3, Nos 1-2, Spring, 1986, Appendix 7).

Paid Admissions

The responding organizations sold a total of 3.7 million tickets in 1985. Total paid admissions include income from these ticket sales plus income from paid subscriptions. Together these two sources amounted to $35 million in 1985.

Reported ticket prices ranged from free to $150 per ticket.

Most ticket prices are quite affordable. The average price of a low priced ticket in 1985 was roughly $3.50; of a high priced ticket it was $13.50.

Summary

The picture that emerges from this survey is of a diverse, vigorous and accessible non-profit arts community. San Francisco is characterized by a large number of arts organizations. Aside from a few very large organizations with staffs in the hundreds and expenditures and revenues into eight figures, most non-profit organizations are quite small. A broad spectrum of arts activities are represented among these organizations spread through many neighborhoods.

Non-profit Arts activity contributes significantly to the San Francisco economy: directly in the form of 2,000 full and 4,500 part time jobs provided by the respondents in 1985. The organizations spent $88 million a year -- most of it within San Francisco. They bring substantial income into the city directly from external government and other funding sources and from admissions paid by non-San Francisco residents. Income from non-San Francisco sources constitutes a form of service exports from the city. The organizations make significant capital expenditures in the city.

The organizations have an enormous reach: over 5 million people per year attend performance and exhibits in San Francisco and another 650,000 attend exhibits and performances of arts organizations on tour. There is a vigorous minority arts community in San Francisco

Modest admission charges (many free; and with a mean low-end ticket price of $3.50) make the arts broadly accessible. The vigor of outreach programs for the elderly, youth, minorities and other special audiences make San Francisco non-profit arts particularly democratic.

FOOTNOTES

1. The Economic Impact of the Arts project was a year long study by the San Francisco State University Public Research Institute. It was conducted for the State-Local Partnership Program of The San Francisco Arts Commission to assist the San Francisco arts community in understanding the economic impact of the arts in San Francisco. Portions of this working paper will be incorporated into a final report which will also contain: (a) econometric modeling of indirect and multiplier impacts of the arts on the San Francisco economy, (b) Studies of the impact of the arts on the economies of selected neighborhoods, (c) A profile of San Francisco arts audiences, and (d) a study of the effect of the arts on corporate headquarters location decisions in San Francisco. Further information on the Economic Impact of the Arts Project is available from Professor Norman Schneider, Project Director c/o The Center for Politics, Policy, and Public Administration, San Francisco State University, 1600 Holloway Avenue, San Francisco 94132, (415) 469-1178 or the San Francisco Arts Commission, 45 Hyde Street, Suite 319, San Francisco, California 94102, (415) 558-2010 or 558-3463.

2. Three key criteria were applied in selecting organizations for inclusion in the survey population. The organizations had to be: (a) located in San Francisco, (b) Non-profit, and (c) primarily concerned with the arts. A more detailed discussion of the selection criteria is contained in Appendix A: Methodology.

3. The 49% of organizations who did not respond are virtually all very small organizations. On the plausible assumption that the mean expenditure for these 179 organizations is the same as the mean expenditure for the lowest quartile of the organizations responding all the 179 organizations combined would have contributed only 2.8% to San Francisco non-profit arts expenditures.

4. The categories are taken from the San Francisco Arts Commission's **Directory of Arts Resources** supplemented by unpublished updates to the directory provided by Leah Forbes, Program Coordinator of the Arts Commission staff. The precise headings the Arts Commission uses are: (1) Arts Resources: Dance, (2) Arts Resources: Music, (3) Arts Resources: Theater, (4) Arts Resources: Visual Arts, Crafts, Photography, (5) Media Arts Resources: Video, Radio, Film, Literature, (6) Arts Technical Assistance, Community Arts Resources, (7) Arts and Cultural Centers, Fairs, Festivals, Misc. Organizations in the San Francisco Arts Commission **Directory of Arts Resources** were assigned the category under which they appear in the directory. Organizations which do not appear in the directory were assigned to a category by the authors.

5. The number of surveys sent by category of arts organization is as follows:

Dance	66
Music	53
Theater	64
Visual Arts	29
Media Arts	37
Multi Disciplinary	63
Fairs and Festivals	55

6. The median was chosen as the most appropriate measure of central tendency for Figure 2 because it is a stable measure which is not distorted by outlying observations. The other common measure of central tendency, the arithmetic mean, is less appropriate here because the nine very large arts organizations would have produced large means which give a less clear picture of the true average organization.

7. The "big nine" arts organizations account for the following amounts and percents of all non-profit arts activity in San Francisco in 1985:

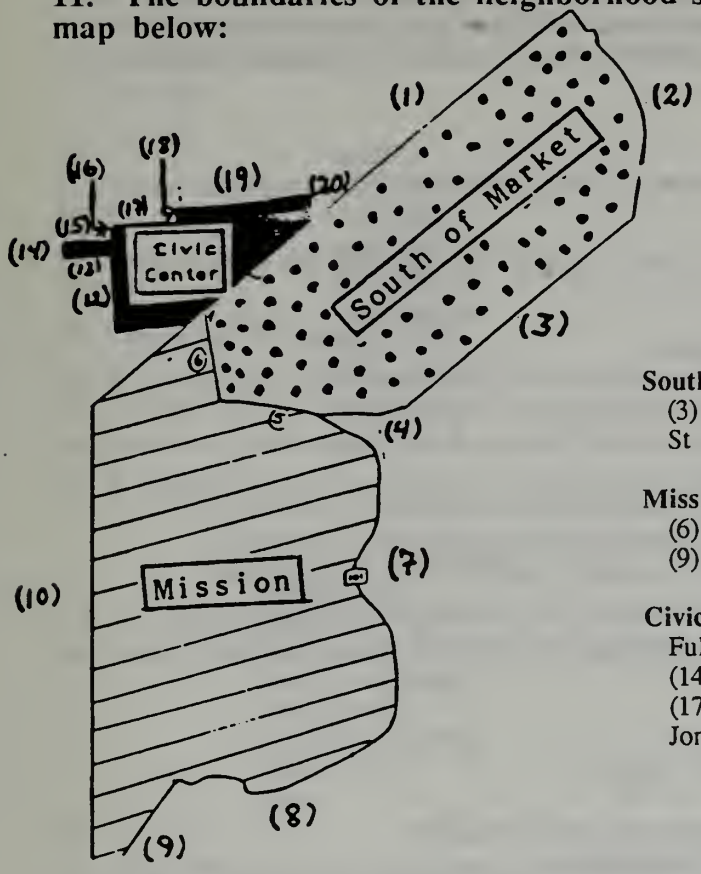
Expenditures	$71,000,000	80%
Income	$76,500,000	81%
Paid Admissions	$31,313,400	89%
San Francisco Audience Attendance	2,689,100	54%
Tickets Sold	1,914,910	51%
Full time Equivalent Employment	1,949	56%

8. 86 organizations -- 46% of the total -- were created during the 1970's.

9. The five older organizations were established in the following years: Fine Arts Museum (By 1900), Symphony (1911), Museum of Modern Art (1921), Opera (1923), Ballet (1932). The American Conservatory Theater (ACT) was established in 1965.

10. Only organizations which had received federal 501(c)(3) non-profit status were included in the survey.

11. The boundaries of the neighborhood study areas are indicated on the map below:



South of Market (1) Mission (2) Embarcadero (3) Townsend (4) Division (5) 13th Street/Duboce St (6) VanNess

Mission (1) Market (5) 13th Street/Duboce (6) VanNess (7) Highway 101 (8) Precita Avenue (9) Mission (10) Dolores

Civic Center (11) Grove (12) Laguna (13) Fulton (14) Webster (15) McAllister (16) Laguna (17) Golden Gate (18) Franklin (19) Turk (20) Jones

12. The expenditures reported were as follows:

Administrators salaries	$ 12,900,000
Technicians salaries	$ 10,700,000
Production	$ 13,000,000
Outside Services	$ 5,616,344
Advertising	$ 4,982,521
Taxes	$ 4,636,231
Space Rental	$ 3,262,822
Supplies	$ 2,444,865
Travel	$ 1,763,290
Telephone	$ 1,338,667
Other	$ 8,367,751

Organizations were asked to describe their two largest "other" expenditures and the dollar amount spent on them. The responses provide some further insight concerning the distribution of other expenditures. A breakdown of "Other" expenditures for all organizations which reported more than $10,000 for any "other" expenditure category in figure 9 are as follows:

	Sum
Special Programs	$ 756,000
Printing	$ 664,000
Insurance	$ 400,000
Supplies	$ 366,000
Services	$ 340,000
Mortgages, interest, charges	$ 177,000
Per Diem	$ 164,000
Commissions	$ 82,000
Postage	$ 54,000

This breakdown of "other" expenditures does not give a complete picture of other expenditures for two reasons: (a) some organizations had more than two large expenditures, and (b) other expenditures of under $ 10,000 were not tabulated.

13. Respondents reported capital expenditures for 1985 of $8,139,043 and capital expenditures for 1984 of $8,854,294. The average total amount of capital expenditures per year for these two years is $ 8,496,668.

14. Weighted means were computed as:

$$\Sigma \frac{P \times E}{n}$$

Where:
P = percent of expenditure within San Francisco for a type of expenditures,
E = the expenditure type,
n = the number of valid cases for which responses were received.

The weighted mean expenditures in Figure 7 are as follows:

Space Rental	94%
Supplies	74%
Production	89%
Advertising	81%
Outside Services	62%
Travel	83%
Other	81%

15. Respondents reported 1,960 full and 4,587 part time jobs.

16. 3,473 estimated full time equivalent jobs. Respondents who reported the full time equivalent number of employees for part time employees indicated that on average part time employees worked about .33 time. The full time equivalent estimate is the sum of the reported full time jobs plus .33 x the sum of the part time jobs reported.

17. 59.1%.

18. 16.3%.

19. Respondents reported 5,012,098 people attended local performances and exhibits in 1985.

20. Respondents reported 666,424 people attended performances and exhibits on tour in 1985.

21. The weighted mean is 49%.

22. $ 92,400,000. 1985 income for the organizations exceeded 1985 expenditures of $ 88,300,000 by about $4,000,000. This apparent anomaly is explained by one very large organization which had an excess of 1985 income over expenditures of $3.7 million.

23. A breakdown of total income reported in Figure 9 is as follows:

Box Office Admissions	$ 24,900,000
Subscriptions	$ 20,200,000
Tuition	$ 7,292,965
Concessions	$ 2,940,540
Government Grants	$ 12,200,000
Fund Raising	$ 6,482,771
Foundation Funding	$ 4,678,055
Corporations	$ 3,061,508
Other	$ 11,700,000

24. 55.5%

25. The weighted mean percents of income derived from San Francisco sources reported in figure 10 are as follows:

Admissions	43%
Subscriptions	41%
Tuition	45%
Concessions	59%
Fundraising	54%
Cash contributions	76%
Foundation Funding	53%
Corporate Contributions	76%
Government Grants	93%
Other Sources	59%

APPENDICES

Appendix A: Methodology

The sampling frame

This study is based upon a mail survey of all non-profit arts organizations in San Francisco conducted between January and June, 1986. All organizations rather than a sample were included because the total number of organizations- 367 - was manageable. The survey began with an initial definition of what constitutes a non-profit arts organization and some uncertainty at the margin about which organizations met the definition. It then required the construction of a sampling frame from the dispersed and incomplete organization lists available. In practice it is impossible to develop an exhaustive up-to-date listing of all eligible non-profit arts organizations. New ones are born, others die, some move away, some become profit-seeking. Many are hybrid organizations and the lines between art and something else are sometimes blurry.

The original eligibility criteria specified three key criteria:

(a) **An organization must be devoted principally to the arts.** Schools which had auditoriums or other artistic activities were excluded, as were a number of multi-function centers, trade associations, publications, radio stations, hostels, social service organizations and other organizations whose involvement in the arts is secondary to other activities.

(b) **The organization had to reside in San Francisco.** A few organizations whose mailing address is not in the city were included if their performances, exhibits, or events took place in the city. Organizations from out of the area which visit San Francisco on tour were not included in the survey.

(c) **The organization had to be non-profit.** Non-profit status was defined as having achieved 501(c)(3) tax exempt status under the federal income tax law. Arts organizations which did not have 501(c)(3) status were excluded except for organizations which do not themselves have this status, but use a non-profit fiscal agent. Several organizations with pending 501(c)(3) applications were excluded.

An initial list of candidate organizations was assembled from:

(a) The list of Hotel Tax Fund applicants (b) The S.F. Arts Commission's **Arts Resources Directory** and Mailing list (c) Theater Bay Area, **Theater Directory of the S.F. Bay Area** (d) The **ARTSFAX '81 Directory** (e) The California Arts Council registration list of March 12, 1986. (f) Names of arts organizations contributed by a focus group of San Francisco Arts experts This initial lists was reduced by eliminating all organizations which did not meet the eligibility criteria. The final survey population contained 367 organizations.

The survey(s).

A survey was mailed to all applicants for 1986 Hotel Tax funds in their application packet. This survey was designed around the Hotel Tax Application and asked for supplemental data not on the applications form itself. Slightly different versions of this survey were tailored to organizations who apply to the Hotel Tax fund as "Annual Celebrations and Parades" organizations as defined by the Hotel Tax fund and organizations and those what apply as Performing Arts Organizations.

A second set of surveys was designed for organizations in the sampling frame which did not submit Hotel Tax Applications. A "big" questionnaire asked for all the relevant data items in the Hotel Tax Application plus all of the questions in the accompanying questionnaires which had been sent to the hotel tax applicants. A "small" questionnaire was designed to include the most important questions. The small questionnaire was intended for small organizations (under $100,000/year in gross income) for whom many of the questions were not relevant and which would experience significant difficulty in filling out the questionnaire due to staffing limitations and informal record keeping. Small questionnaires were also sent to organizations which were resistant to filling out the entire big questionnaire for whatever reason. All organizations in the sampling frame who did not apply for Hotel Tax funds were sent copies of one or the other of these questionnaires.

Special efforts were made to assure responses from the five largest non-profit arts organizations. We also monitored responses in each of the seven categories used by the San Francisco Arts Commission to assure at least a 30% response rate in every major category of arts activity.

Overall 188 usable surveys were returned: an overall response rate of 51%. The response rate was 35% or more for every category. Following is a breakdown of sample characteristics by category:

DISCIPLINE	SURVEYS SENT	INFO REC'D	RESP. RATE
1. Dance	66	23	35%
2. Music	53	36	68%
3. Theater	64	6	56%
4. Visual Arts,	29	20	69%
5. Media Arts	37	14	38%
6. Multi disciplinary	63	36	57%
7. Fairs & Festivals	55	23	42%
TOTALS	367	188	51%

Data Processing and Analysis

The survey form were edited and coded by members of the Economic Impact of the Arts staff. Follow up contact was made to correct errors, omissions, and ambiguities.

Data were entered into a microcomputer database using DBASE- III. They were then transported onto a Cyber 730 mainframe computer. All data entered were checked for consistency with the surveys and coding sheets.

The data were analyzed using the Statistical Package for the Social Sciences (SPSS) on the mainframe.

Graphics were generated using Energraphics software on an IBM personal computer.

Appendix B: Respondents to Economic Impact of the Arts Survey

A Traveling Jewish Theatre
Academy of Media and Theatre Arts
Activa Unlimited
American Conservatory Theatre
American Indian Contemporary Arts
Archives for the Performing Arts
Ariel, A Contemporary Vocal Ensemble
Art Museum Association of America
The.Art.Re.Group
Artist Embassy International
Artists Equity
Artists in Print
Asian American Dance Coalition
Asian American Theater
Bailes Flamenco
Bay Area Dance Coalition
Bay Area USO Inc.
Bay Area Video Coalition
Bay Area Women's Philharmonic
Bayview Opera House
Bayview Repertory Theatre
Blue Bear School of Music
Business Volunteers for the Arts/SF
California Crafts Museum
Carnaval San Francisco
Centerspace Dance Foundation
Chamber Music Sundaes
Chamber Soloists of San Francisco
Chamber Symphony of San Francisco
Chinese Cultural Foundation of San Francisco
Chinese Historical Society of America
Cine Accion
Circuit Network
City Celebration Inc.
Columbus Day Celebration
Comedy Celebration Day
Committee for Arts Lectures
Community Music Center
Composers Inc.
Concert and Festival Opera Association
Cultural Odyssey
Dance Action
Dick Kramer Gay Men's Chorale
Dionysian Duncan Dancers
EXIT Theatre
El Grito Ceremony
Encuentro del Canto Popular
Eureka Theatre Company
The Exploratorium
Eye Gallery
Film Arts Foundation
The Fine Arts Museum of San Francisco
Folsom St Fair
Footloose Dance Company
Footwork Studio
Foundation for San Francisco's Architectural Heritage
Frameline
Fratelli Bologna
Full Circle Theatre Collective
Galeria de La Raza
Gallery Sanchez
George Coates Performance Works
Goethe Institute San Francisco
Golden Gate Ballet Company
Golden Gate Park Band
Golden Gate Performing Arts
Golden Gate Senior Services
Grand Parade/Cherry Blossom Festival
Greater Market Street Association
Gulf of the Farallones
Gumption Theatre
Haight Ashbury Community Coalition
Haight Ashbury Senior Art Program
Harambee Dance Ensemble
Humanities West International Visitors Center
Intersection for the Arts
Jazz in the City
Jewish Film Festival
The Julian Theatre
Juneteenth Festival Committee-Parade
Kadeka Dances for Kids Kalilang
Kulintang Ensemble
Kearny St Workshop
Khadra International Folk Ballet
Kronos Quartet
La Mammelle
La Raza Graphics Center
The Lamplighters
Laser Affiliate
Latin American Fiesta
MacFarland/Whistler DanceArtCompany
The Magic Theatre
Make*A*Circus
Margaret Jenkins Dance Company
The Mexican Museum
Midsummer Mozart
Mixed Bag Productions
Multi-Image Showcase
Museo ItaloAmericano
National Asian American Telecommunications Association
The National Japanese American Historical Society
The New Conservatory
The New Shakespeare Company
New Langton Arts
New Performance Gallery/American Inroads
New Shakespeare Company
Nihonmachi Street fair
North Beach Grand Opera
Oberlin Dance Collective
Old First Concerts
One Act Theatre Company
Pacific Dance Theater Pan
Pacific Equestrian Arts Festival and San Francisco Grand Prix
Pear Garden in The West:
SF American Chinese Opera
People's Theater Coalition
Performing Arts Services
Performing Arts Workshop
Pickle Family Circus
Poetry Film Workshop
Polish Arts and Culture Foundation

Precita Eyes Muralist
Rova Saxophone Quartet
S.F. Children's Opera Association Inc.
The San Francisco Civic Chorale
SEW Productions Lorraine Hansberry Theatre
Samoan Flag Day of 1987
San Francisco Neighborhood Arts Program
San Francisco African American Historical & Cultural Society
San Francisco Arts Commission Festival
San Francisco Bach Choir
San Francisco Ballet Association
San Francisco Band Foundation
San Francisco Blues Festival
San Francisco Boys Chorus
San Francisco Camerawork
San Francisco Chamber Orchestra
San Francisco Chamber Players
San Francisco Chamber Singers
San Francisco Chanticleer
San Francisco Children Art Center
San Francisco Choral Artists
San Francisco Choral, Instrumental, and Theatrical
for Children
San Francisco Community Music Center
San Francisco Conservatory of Music
San Francisco Contemporary Music Players San Francisco Costume Bank
San Francisco Council on Entertainment, Inc.
San Francisco Crafts and Folk Museum
San Francisco Girls Chorus
San Francisco International Film Festival
San Francisco International Video Festival
San Francisco Jazz Dance Company
San Francisco Mime Troupe
San Francisco Moving Company
San Francisco Museum of Modern Art
San Francisco Neighborhood Arts Consortium
San Francisco Opera San Francisco Performances
San Francisco Repertory Company
San Francisco School of the Arts Foundation
San Francisco Symphony
San Francisco War Memorial
San Francisco Women Artists
San Francisco Art Institute
Second International Taiko Festival
Shakespeare San Francisco
Slavonic Cultural Center
Small Press Traffic
Soon 3
Southern Exposure Gallery
Spinsters Inc..
St Patrick's Day Parade
Stern Grove Festival
Studio Eremos Inc.
Tale Spinners
Tenants and Owners Development Corporation
Theater Artaud
Theater Guild Of San Francisco
Theatre Flamenco
Theatre Guild of San Francisco
Theatre Rhinoceros
Vaudeville Nouveau
Video Free America
Wajumbe Cultural Institution
The Women's Building
World Print Council
Young Audiences Of The Bay Area
5th Annual American Indian Trade Fair And Expo
24th Street Cultural Festival

Appendix C: Survey Questions and Responses

Following is a list of questions asked and raw responses received for all questions for which quantitative data was sought. Open-ended questions and questions for which summary information is not appropriate such as the name of the person responding to the questionnaire have no responses noted. Data from a few questions was not useable and is not reported.

1. Year organization established?

	Number	Percent
Pre-1940	17	9
1940's	5	3
1950's	14	7
1960's	21	11
1970's	88	46
1980's	45	23

2. Year organization was granted tax exempt status.

	Number	Percent
Pre-1940	7	4
1940's	5	3
1950's	11	6
1960's	25	14
1970's	66	7
1980's	66	37

3. Organization uses calendar year (CY) or Fiscal Year (FY).

	Number	Percent
CY	76	40%
FY	115	60%

4. Does organization have a mailing list?

Yes:	80%
No:	20%

5. Can organization easily obtain a list of persons on mailing list sorted by zip code? :

	Percent
Yes:	73%
No:	26%

6. Can organization easily obtain a list of persons on mailing list sorted by city?

Yes:	65%
No:	35%

7. Paid Administrative Staff	Sum	Mean
Number of Full Time Positions:	929	5.7
Number of Part Time Positions:	573	3.6

Paid Artistic Staff	Sum	Mean
Number of Full Time Positions:	584	3.6
Number of Part Time Positions:	901	11.8

Paid Technical Staff	Sum	Mean
Number of Full Time Positions:	305	1.9
Number of Part Time Positions:	1424	8.9

Other Paid Staff	Sum	Mean
Number of Full Time Positions:	150	.9
Number of Part Time Positions:	756	4.5

8. Sex and Race of staff Percent

Male:	1%
Female:	59%
Minority:	16%

9. Weeks of performance season? Mean (excluding rehearsals): 30 weeks

10. Ticket price range from

	Mean
lowest priced ticket:	$3.60
highest priced ticket:	$13.70

11. Total annual ticket receipts.

Sum	Mean
$ 28,000,000	$225,000

12. Total number of tickets sold.

Sum	Mean
3,727,626	31,000

13. Estimated Capital Expenditures FY 1983-84 or CY 1983:

Sum	Mean
$8,850,000	$57,000

Estimated Capital Expenditures FY 1984-85 or CY 1984:

Sum	Mean
$8,100,000	$53,000

14. Percentage of performances which take place on tour:

Percent of Performances On Tour	Percent Of Respondents
0 to 25%	76%
26 to 50%	13%
51 to 75%	7%
76 to 100%	4%

15. Income and expenses directly related to touring:

	Sum	Mean
Income:	$3,300,000	$65,000
Expenses:	$3,500,000	$67,000

16. Touring income received from the following locations:

Outside San Francisco but within the Bay Area:	76%
Outside the Bay Area:	24%

17. Performances and exhibits

	Local	Outside S.F.
Total attendance for the period	5,000,000	650,000

Audience Composition for local (S.F. Only) performances.

S.F. Residents:	51%
All others:	49%

18. Percentage of Organizations with programs to reach special audiences (seniors, youth, minorities, etc.)

Seniors:	44%
Youth:	40%
Minorities:	37%
Other:	44%

19. Income which comes from the following sources:

Type of Income	Amount Of each type of Income Received In FY 1984-85 or CY 1984
Earned Income	
Admissions, Box Office:	$25,000,000
Subscriptions:	$10,000,000
Tuition, Fees	$ 7,000,000
Individual Cash Contributions:	$ 9,000,000
Concessions, rentals:	$ 3,000,000
Contributed Income	
Government Grants:	$ 12,000,000
Foundation Funding:	$ 5,000,000
Corporate Contributions:	$ 3,000,000
Fundraisers:	$ 6,000,000
Other Sources	$ 12,000,000
Total Income	$ 91,000,000

20. Percentage of organization's income received from sources in San Francisco.*

	Mean Percent
Earned Income	
Admissions, box office	43%
Subscriptions:	41%
Tuition, Fees:	45%
Concessions, rentals:	59%
Contributed Income	
Fundraisers:	54%
Individual Cash Contributions:	59%
Foundation Funding:	53%
Corporate Contributions	76%
Other Sources	60%

* No percentage for government grants was computed due to the small number of respondents from whom information was obtained.

21. Total amount of your organization's expenses:

	Sum	Mean
Salaries		
Administrative:	$13,000,000	$ 96,000
Artistic:	$21,000,000	$164,000
Technical:	$11,000,000	$ 86,000
Taxes, Compensation, etc:	$ 4,600,000	$ 37,000
Outside Services:	$ 5,600,000	$ 44,600
Production / Exhibit Expense:	$13,000,000	$ 96,000
Space Rental:	$ 3,300,000	$ 24,000
Office Supplies / Equipment:	$ 2,400,000	$ 18,000
Travel and Transportation:	$ 1,800,000	$ 14,000
Advertising and Promotion:	$ 5,000,000	$ 37,000
Telephone and Utility:	$ 1,300,000	$ 10,000
Other (specify):	$ 8,300,000	$ 62,000

22. Percentage total expenditures are purchases made from San Francisco businesses and individuals.

Outside Services:	76%
Production / Exhibit Expense:	80%
Space Rental:	90%
Office Supplies / Equipment:	81%
Travel and Transportation:	62%
Advertising and Promotion:	79%
Other expenses:	72%

23. Two largest "Other Expenses"
(Analyzed for expenses over $10,000)

	Sum
Overhead and Operating Expenses	2,016,000
Special Programs	756,000
Printing	664,000
Insurance	400,000
Supplies	366,000
Services	340,000
Mortgage, interest, and charges	177,000
Per diem	164,000
Commissions	82,000
Postage	54,000

24. Total amount of taxes paid to San Francisco.

	Sum	Mean
San Francisco Property Taxes:	$ 5,000	$ 35
Other San Francisco Taxes:	$ 42,000	$ 290

26. Annual amount of Sales tax:	Sum	Mean
	$174,000	$1,100

A DEMOGRAPHIC AND ECONOMIC PROFILE OF SAN FRANCISCO'S NON-PROFIT ARTS AUDIENCE

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January 1987

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Executive Summary

This research is part of a larger report produced by the Public Research Institute of San Francisco State University: The Impact of the Nonprofit Arts on the Economy of San Francisco, 1987, prepared for the San Francisco Arts Commission. The following findings are based mainly on our analysis of 14 surveys of San Francisco nonprofit arts organization audiences conducted between 1979 and 1986 by various San Francisco nonprofit arts organizations. In all cases where estimations were made, we consistently used conservative assumptions. We also used only high probability estimates.

The "typical" audience member who attends San Francisco's nonprofit arts performances and events is:

- highly educated with at least some graduate training, and:

  45% have completed postgraduate training, 40% have at least a 4 year college degree and only 14% have less than a 4 year college degree

- Is likely to be employed in a professional occupation

  41 - 43% are employed in professional occupations, 8 - 10% in managerial, 7 - 9% in technical, 9 - 11% in clerical/service, 9 - 11% in blue collar occupations and the remaining 27 - 29% are either students, unemployed, retired individuals or in occupations not listed above

- Is relatively affluent with a median annual household income of $34,792

  30% made over $55,000, 41% made $25,000-$50,000 and 30% made under $25,000

- Is approximately forty-one years of age between 40% to 55% are 30-49 years of age

- Is more likely to be female than male

  59 - 61% are female whereas 37 - 39% are male

- Is single more often than married

  47% are single people, 37% are married and 15% are either divorced,
  widowed or other

(* For reasons specified later in this chapter, our percentages in each category do not always add up to 100%.)

- Is most likely White:

  85% are White, 4% are Asian, 3% are Black, 4% are Hispanic and 4% are from another minority group

In addition, 8% are "tourists" from outside of the Bay Area, 45% are "visitors" from the Bay Area and 44% are San Francisco "residents."

Our spending profile showed that "visitors," i.e., those who came to San Francisco from within the Bay Area primarily to attend nonprofit arts organization exhibits and performances, spent in 1985:

- between$35.7 to $55.6 million dollars on eating, drinking and parking near an arts facility.

While "tourists," i.e., those who came to San Francisco from outside of the Bay Area to attend nonprofit arts organization performances and exhibits spent in 1985:

- $17 million dollars on eating, drinking, transportation and lodging.

Those San Francisco residents who attended arts events within San Francisco spent in 1985:

- over $48 million dollars on arts-related activities.

In total, "visitors", "tourists" and residents spent in 1985 at least:

- $100.7 to$120.6 million dollars on arts-related ancillary activities.

AN ECONOMIC AND DEMOGRAPHIC PROFILE OF SAN FRANCISCO'S NONPROFIT ARTS AUDIENCE

Introduction

This research was conducted and results presented to provide San Francisco's arts community and other interested parties with an economic-based demographic profile of the audience which attended performances and exhibitions presented by the City's non-profit arts organizations (hereafter "NPAO"). (Surveys used were by or for San Francisco NPAOs and covered the time period 1979 to 1986.)

The audiences which attend non-profit arts activities represent an important part of the total economic impact that the non-profit arts have on the city with in which they operate.

In the report which follows, we focus on five facets of the audience which attended the performances and exhibits of San Francisco's NPAOs:

1) audience expenditures ancillary to their attendance at NPAO activities, especially in 1985,

2) audience members' residence which allow us to determine ancillary expenditures made by people who were drawn to the City by the non-profit arts,

3) the employment and educational profile of the audience,

4) audience income levels from which we make statements about probable audience ancillary spending levels, and

5) some additional demographic characteristics of this audience of interest to the arts community.

As will be seen, each of these facets of the audience has substantial implications as regards the economic impact of the non-profit arts. The major source of data for analysis was the results of fourteen audience surveys from which we were able to construct a selective economic and demographic profile of San Francisco's NPAO audience. Working with this constructed San Francisco NPAO audience profile, selected data from local audience surveys and economic impacts reports on other cities, we were able to develop statistical estimates of the five facets noted above. Readers should note that we have made no attempt to measure or estimate the potential NPAO audience or to investigate certain sectors of the population that do or do not attend NPAO events and exhibits. [1]

Standing alone, this paper offers a self serving account of the City's arts audience as an economic subgroup and force in the City's economy. Read as a chapter in PRI's report: The Impact of the Non-profit Arts on the Economy of San Francisco, it provides empirical estimates of several key factors used in other parts of that report.

What We Sought and Why

Our first task in order to assess the economic impact of the audience was to gather all existing surveys of San Francisco's NPAO audiences. Based on information from interviews with knowledgeable members of the arts community and the results of PRI's NPAO survey, we developed a list of San Francisco NPAOs who had conducted some form of audience survey. Initially, we feared there would be few studies available and even fewer done in a manner allowing for reliable empirical estimations. We were surprised and pleased to acquire over 20 studies produce d by the organizations themselves or by outside consultants. The organizations a nd art forms for which we obtained audience surveys ranged from large museums to small dance companies, from chorale groups to experimental theater. This range allowed us to construct a picture of the "typical" San Francisco arts audience and to indicate along several lines the ways arts audiences vary by type and size of organization.

As a basis of comparison, we made use of studies done in other parts of the country. In 1978, the National Endowment for the Arts reviewed all audience surveys completed to date and came up with a profile of the national arts audience . [2] This report served as an important benchmark for comparison, not only in regard to changes in the audience which may have occurred since 1978, but also as a means to compare San Francisco to the generalized national profile. (See Demo graphic Matrix I, page 15) This national data was used in our demographic analysis as was a 1984 Performing Arts Services ("PASS") survey of performing arts audiences in six Bay Area Counties. Also used were recent arts economic impact studies for three cities: New York, Los Angeles and Richmond, VA. These were useful in providing data on audience ancillary spending against which we gauged our own estimates for San Francisco. Several local studies also aided in providing important data on audience spending.

Methods Used

All received studies were evaluated according to their content, scope and reliability to determine their soundness and applicability for use in this study. (See Appendix A: Methodology for Evaluation of Audience Surveys). Only data fr om those studies that met our relevance and reliability standards was used to develop the audience profile of San Francisco NPAOs or to provide information for audience ancillary spending estimates. Data from fourteen San Francisco audience surveys is presented in Demographic Matrices II and III (pages 18 and 19). From this data we derived average figures which can be seen in Matrix I (page 15).

Review of the audience surveys collected revealed a wide variation in economic and demographic profile characteristics among the different audiences surveyed. In order to account for these variations as well as to construct a single audience profile from which we could make generalizations about the "typical" arts patron, we weighted survey results before compiling them into the average figures. The two weights we used gave greater importance to surveys with larger numbers of respondents, since these were more reliable studies, and to those surveys conducted for art forms that capture a greater percentage of total NPAO attendance, since these were of greater scope. (See Appendix B: Weighting Methodology)

It is important to note that while weighting for both reliability and scope by art form gave us the best single derived average figure, some problems remained. Thus, where we found inconsistencies in methods used or significant gaps in received data, we noted them and discussed possible causes. (See further discussion on page 11, "Guidelines for Review of Demographic Matrices")

Spending Profile of the Arts Audience:Arts Ancillary Expenditures

Introduction

In this section we examined the spending patterns of people who attend the arts. This information was used to derive an estimate of arts ancillary expenditures. By ancillary we mean arts event-related spending by the audience on activities such as eating out, lodging and parking. In order to estimate these expenditures and properly attribute them to the activities of NPAOs, we needed to determine, for both San Francisco residents and nonresidents, the spending they made in the San Francisco economy which could be strongly associated with the act of attending a non-profit arts activity in San Francisco. We were particularly concerned with isolating and estimating ancillary expenditures made by nonresidents since these have full multiplier impacts on the City's economy. (See PRI. The Impact of the Non-profit Arts on the Economy of San Francisco, 1987.)

We estimated the ancillary expenditures of three segments of the arts audience: the "tourist" or overnight visitor, the day "visitor" and the San Francisco resident. Again, "visitor" and "tourist" expenditures were of particular importance to us as they were made by nonresidents, and thus were only available to th e City's economy because of the attraction of NPAO events.

The first segment of the arts audience was comprised of the "tourist" who came to San Francisco from outside of the nine Bay Area counties and presumably stayed overnight. This tourist most likely spent money on lodging, eating out, shopping and transportation. The tourist's expenditures were especially important because they represented outside dollars brought into the local business economy. These expenditures represent an export of San Francisco goods and services because they were purchases made by nonresidents and have full multiplier impacts on total spending in San Francisco. (See PRI. The Impact of the Non-profit Arts on the Economy of San Francisco, 1987) To avoid overestimating this group's expenditures, we were careful to include only those tourists who came to San Francisco because of the presence of arts activities and events and counted only the expenditures they made the day of the event. The resulting estimate is then quite conservative.

The second segment was comprised of the "visitor" audience that came from within the eight Bay Area counties (San Francisco County excluded) and was not likely to stay overnight. This person typically spent money on eating out, transportation/parking and shopping while in the City. These day visitors who came to San Francisco more than likely made the arts event the reason for their travel, and other activities were chosen to fill-in the day (shopping, eating). (While some visitors do in fact stay overnight, we had no basis for estimating the proportion of those that did. To avoid over- estimating, we assumed none did.) As with tourists, the visitor's expenditures are export expenditures and our estimates distinctly conservative.

Our final group was comprised of San Francisco residents. This group had no lodging expenses and few transportation costs. While we can say that most, if not all, of the resident's expenditures, such as eating out, parking, and purchases near the arts facility were arts-related, these cannot be considered "export expenditures" brought into the San Francisco economy. Rather, they represent a shifting and geographic concentration of expenditures within the local economy. For example, the resident may have spent money on dinner instead of on groceries at the market near the resident's home. The result of this may be, for example , that a Civic Center restaurant benefited at the expense of the grocery store in the resident's neighborhood. In the process there was a shifting from diffused expenditures among a number of grocery stores in various neighborhoods, to concentrated spending at a few restaurants near the arts facilities. (The nature and implications of this concentrated spending are examined in the Neighborhood Imp act chapter of PRI, The Impact of the Non-profit Arts on the Economy of San Francisco, 1987.)

For all three of these groups we estimated: 1) the percentage of the total San Fransisco arts audience that each of these groups made up; and 2) the per event, per person ancillary spending figure for each group. These figures were then used to derive an aggregate ancillary spending figure for the arts audience. This estimate was used in PRI's expenditure multiplier model which estimated the total aggregate (direct and indirect) impact of the arts on the San Francisco economy in 1985. (See Economic Impact Chapter of PRI, The Impact of the Non-profit Arts on the Economy of San Francisco, 1987)

Estimate of Tourist Expenditures

According to San Francisco Visitors and Convention Bureau statistics on visitors and tourists, 15% or over 300,000 of the 2,500,000 people who traveled to San Francisco in 1983 attended either the opera, symphony or theater during their visit. [3] An estimate based on this data, however, would be expected to underrepresent the actual number of tourists attending NPAOs because of the many art organizations not taken into consideration by the Bureau's questionnaire that tourists may also have visited.

Thus, based instead on our findings from a collection of NPAO audience surveys, we got a higher estimate for the number of tourists attending NPAO events in 1985. These surveys show that tourists comprised an average of 8% of the total arts audience with a per event range of 0-55%. According to PRI's survey of NPAOs, over 5 million people attended NPAO performances and exhibits in San Francisco in 1985. Thus, if 8% of at least 5 million audience members were tourists, we arrive at a minimum estimate of 400,000 for the total number of tourists attending NPAO events and performances in 1985. This figure represents a conservative estimate because it was based on attendance figures reported only by those NPAOs that filled out the PRI questionnaire.

Certain events have a special appeal to tourists. These include "blockbuster" events such as the Tut, Vatican and Impressionist exhibitions held by the Fine Arts Museums. People who traveled from outside of the Bay Area to attend these types of events made up from 17-30% of the audience. We included "blockbusters " in our constructed total average figures since they occur at least every other year (but, as yet, never more than two in one year), making it important to account for their rather regular impact. However, to avoid giving them too much weight, we pool averaged the results of these events before calculating them into our total estimate. As Table III- "Ancillary Spending Estimates" shows, excluding them from the weighted averages decreases the tourist population by only 2%.

We estimated an ancillary spending figure for the tourist group which was clearly attributed to the arts, by determining from the total tourist arts audience the number and proportion who came to San Francisco primarily to attend arts events. There was some evidence which supported the idea that a significant proportion of tourists who attended arts events would not have visited San Francisco if not for these events. For example, one survey of a "blockbuster" event found that 82% of all attendees would not have traveled to San Francisco if not for that exhibition.[4] According to a 1985 nationwide Convention and Visitors Bureau study, tourists rated San Francisco 7.9 (on a scale of 10) when asked about the importance of the opportunity to attend the opera, ballet or theater and 7.5 on the importance of museum availability. Of all cities evaluated, only New York was higher in these categories. Here then were several measures that aided us in determining the importance of the arts to the "arts attending tourist group" f rom which we estimated the percentage of this group that came to San Francisco primarily because of its NPAOs. We used a conservative estimate of 50% for the tourist audience (ie: we assumed that one half of the tourists who attended arts activities came to the City primarily for this purpose). Fifty percent of 400,00 0 left us with a tourist population of 200,000 whose expenditures impacted the local economy in 1985 because of the arts.

TABLE I-TOURIST EXPENDITURE

Average per/Tourist Expense	
SF STUDIES C&V Bureau('83)	$95/day ($110)*
NATIONAL New York ('83)	$126.83/visit($148)*
Richmond, VA(˜82)	$50.00/day ($62.50)*

* Figures in parentheses have been adjusted to l985 dollars.

For the purpose of comparison, Table I provides data for tourist daily expenditures in three different cities. Data from our tables showed that the per person/per day expenditure for tourists adjusted to l985 dollars was $110 for San Francisco, $62.50 for Richmond, VA and $74 for New York (tourists surveyed spent on the average two days per visit, thus the per day figure for New York would be $74).[5] These figures include money spent on lodging, food, shopping, local transportation and miscellaneous items. Although the San Francisco Convention and Visitors Bureau's $110 figure provided the most relevant estimate on what we would have expected tourist to spend, since it measured usual tourist expenditures for San Francisco, we had several reasons for suspecting it was too high an estimate (See Appendix C: Tourist Spending Estimate).

We used a modified estimate of $85 per person/per day for the tourist's expenditure. In calculating the tourist's impact we used expenses for only one day, since only expenditures the day of the event can be safely attributed to NPAOs. 200,000 tourists, who spent a daily average of $85, contributed $17,000,000 directly to the local economy. Although this group of visitors had relatively high expenditures, it made up only a small percentage of the arts audiences and, therefore, may have had a less significant impact on the economy than the second group we looked at.

Estimate of Visitor Expenditures

San Francisco NPAO audience surveys showed that visitors to the City's arts performances and exhibitions who came from within the greater Bay Area made up a large proportion of the arts audience. Visitor audiences ranged from 21-61% with a weighted average of 45%. Not including special exhibits ("blockbusters"), the average was slightly lower at 43%. Using the 5 million NPAO attendance figure from the PRI survey, we estimated a total visitor audience of 2,250,000 in 198 5. Because of the size of this group, its arts-related expenditures were very important to the City's economy.

The visitor's most important arts-related expenditures were on eating and drinking. As evidence of the proportion of the audience that eats out, an NEA study showed that "51-73 percent of theater patrons...dine out prior to attending a performance." [6] Three of the San Francisco audience studies used had findings on the percentage of their audience that ate out at a restaurant during the evening of a live performance. The results were 72%, 54% and 61.6%. From this data we estimated that an average of 60% of the visitor segment made arts-related expenditure on food and drink. Thus, we estimated that approximately 1,350,000 meals at San Francisco restaurants in 1985 could be attributed to visitors' attendance at an arts event.

TABLE II-ITEMIZED EXPENDITURE

	TUT (`79)	C&V BUREAU (`83)	LOS ANGELES (`84)	NEW YORK ('83)
Food/Drink:	$24.35 ($48.45)*	$42.80 ($50.00)*	$7.50 ($37.47)*	$32.03
Transportation	$9.19 ($18.29)*	$5.93 ($6.90)*	$5.00 ($10.58)*	taxi: $9.05 transit: $3.86 ($4.51)*

* These figures represent the amount adjusted to 1985 dollars.

Table II presents figures from other studies on the amount spent on food an d drink by either residents, visitors or tourists. The average per person amount spent on food/drink varied widely among the studies, with Los Angeles residents spending $7.50 and San Francisco tourists a high of $50. The discrepancy between these figures can be explained in part by examining the different populations the studies reported on. Los Angeles figures for food/drink were derived from the average spent by Los Angeles residents on eating out related to arts events. Since some residents may have eaten at home and, therefore, spent nothing on arts-related food/drink, the per person average is very low. On the other hand, th e Convention and Visitors Bureau study gives the average daily expenditure made by visitors and tourists for as many as three meals a day, resulting in a very high figure.

Because we sought to determine the visitor's expenditure for drink and one meal, the Tut figure of ($48.45) which represented the average amount spent by nonresidents, who made expenditures on food and drink, provided the best estimate. However, this may also have been too high, since it included the tourist as we ll as the day visitor expenditure on food/drink. We then reduced the Tut figure by one-third to account for the inclusion of the tourist's higher food expenditure. From this, we derived an average of $32 for 1,350,000 meals and drink which gave us an ancillary spending estimate of 43,200,000 on eating and drinking by the visitor audience.

Another way we estimated the visitor's expenditure on arts-related food and drink was to make an intuitive estimate. We speculated that the amount spent on dining out would vary widely depending on the differences in the incomes of arts audiences. For example, more affluent artsgoers most likely spent substantially more on dining out than did lower income arts patrons. Thus, a person who had an annual household income of over $50,000 may have spent $30 per person on eating out, whereas those who had incomes under $25,000 may have been more likely to spend in the range of $5-10. A middle income group which earned from $25-50,00 0 may have spent $15. Using this method of estimating, the visitor segment contributed a total of $23,287,500 to San Francisco's restaurant sector. This figure is substantially less than the previous ancillary estimate and should be viewed as a minimum estimate (See Appendix D: Audience Income Intervals and Alternative Estimate of Visitors' Food Expenditure)

Parking and transportation costs (taxi, public transit and gasoline purchased in San Francisco) are other expenditures that we expected a significant number of visitors made. In deriving the amount spent for parking and transportation, we estimated one average expenditure for all (100% of) the visitor group.

Parking in many of the areas in which NPAOs are located was a minimum of $3 .00 for special event parking or between $.50 to $1.00 an hour. But, in many ar eas of town with high concentrations of arts facilities (SOMA, Mission), parking was free. In looking at audience surveys with transportation data, we found that those audience members of the Tut show who spent money on transportation (including parking) spent on the average $18.28. Tourists and visitors surveyed by the San Francisco Convention and Visitors Bureau spent $6.90, while artgoers in Los Angeles surveyed by the Los Angeles Chamber of Commerce spent $5.00 and arts- motivated visitors/tourists according to the New York arts economic impact report spent $10.58/per day if by taxi or $4.51/per day if by public transit. (See Table II on preceding page) Unfortunately, figures from the Tut, New York and Los Angeles surveys included tourist expenditures which would logically be higher than for visitors and residents. We then reduced these figures in estimating for only visitor spending.

Visitors were likely to have needed gasoline and to have purchased gasoline as a result of travel to and from an arts event in San Francisco. If a visitor made this purchase in San Francisco it was a sizable expenditure. For example, if only 25% of the visitor group had purchased a minimum of $10.00 worth of gasoline in the City this would have been an average of $2.50 per visitor. Taking all of these points into consideration we estimated an average figure for transportation related expenses of $5.50 for visitors. Visitors spending an average of $5.50 contributed $12,375,000 to the City's economy for transportation and parking in 1985.

Another area of impact was shopping done while in the City to see a show or exhibition. While we can be sure that the aggregate impact was significant, we had no data with which to estimate the amount spent on shopping by the arts-motivated visitor audience. Because we were unable to include reliable figures for this type of visitor expenditure, the total ancillary expenditure for the visitor group is understated.

Estimate of Resident Expenditures

The third group looked at was the resident audience. Our review of audience surveys produced a median figure of 44% which we applied to the PRI survey figure of the total 1985 NPAO attendance of over 5 million, leaving us with a resident audience population of 2,200,000.

The findings for visitor audience expenditures applied to the resident audience as well. Although they did not represent expenditures going into the local business economy that would otherwise not be made in San Francisco, they did have a significant focused impact on certain neighborhoods and certain sectors of the local economy that would not have otherwise benefited. Residents spent between $22,770,000 and $42,240,000 on arts-related eating and drinking, employing th e same methods as used for calculating the ancillary expenditures of visitors on food and drink.

Resident transportation expenditures were similar to those of the visitor, but residents were not as likely to require as much gasoline to get them to and from an arts event as did some visitors. Any gasoline purchases made would not necessarily have been concentrated around any particular neighborhood. Thus, there is little basis to consider resident transportation expenditures in neighborhood impacts. Also, residents, unlike visitors, may have arrived via bus or taxi. While a local bus ride was only $1.20 round trip, a taxi ride could have cost from $5 to $15. These factors added additional information to our transportation calculation for the resident and allowed us to arrive at an estimate of $3.00 per resident audience member which gave us a total of $6,600,000 spent on transportation by the residents' segment.

Our conclusions on expenditures by each group and percent of the audience each makes up are summarized on the following table:

TABLE III-ANCILLARY SPENDING ESTIMATES (In 1985 Dollars)

	TOURIST	VISITOR	RESIDENT
Audience Percentage*			
with blockbuster	8%	45%	44%
w/out blockbuster	6%	43%	48% ranges
	0-55%	21-61%	11-67%
*weighted averages			
Arts-Related Per Person/Per Day Expenditures			
food/drink/hotel	$85/day	$32.00**	$32.00**
transportation		$5.50	$3.00
Total	**$17,000,000***	**$55,575,000****	**$48,840,000****

Alternative Method of Calculating Visitor and Resident Spending for food and drink:

		VISITOR		RESIDENT
30% spends$30	=	$12,150,000**	=	$11,880,000**
40% spends $15	=	$ 8,100,000**	=	$ 7,920,000**
30% spends $ 7.50	=	$ 3,037,500**	=	$ 2,970,000**
Total		$23,287,500		$22,770,000
plus transportation		$12,375,000		$ 6,600,000
Grand Total		**$35,662,500**		**$29,370,000**

* Figure based on the assumption that only 50% of the tourist segment made these expenditures.

** In calculating our total, we assumed that only 60% of the visitor and resident segment made expenditures on food and drink.

Selected Demographic Characteristics of the San Francisco Arts Audience

Introduction

A profile of selected demographic characteristics of those who attended NPAO performances or exhibits aids in understanding other dimensions of the economic impact of San Francisco`s NPAOs. In our review of audience surveys, we first focused on information on ancillary spending figures for the audience. For this it was important to know the distribution of the audience by place of residence (San Francisco residents, Bay Area "visitors," and "tourists") in order to determine the extent to which the audience brought outside dollars into San Francisco's business economy. Table III summarizes residency percentages and the previous section explains why these percentages were essential in arriving at a total spending figure for the arts audience.

We also reviewed audience surveys for information on type of employment (categorized by professional, technical, managerial, clerical/service, blue collar, owner/self-employed, student/artist/other) , as well as for data on level of education (high school graduate, college graduate, postgraduate) which helped us surmise whether or not the arts as an amenity attract the appropriate labor pool for corporate headquarters and other advanced services activity. Figures on level of income were collected to provide us with a picture of audience spending power. We used findings on income to a determine ancillary spending figure for residents and visitors. Even though survey variation in interval range and family versus household income made calculations difficult, we were able to derive a median annual household income figure.

Beyond these demographic features which can be directly linked to various economic issues explored in greater detail within the larger study, we also constructed a profile of audiences by: sex, age, marital status and race. In our search for audience studies, we found that many arts administrators were interested in these features and almost all studies included questions on these demographic categories. We believe, therefore, that it could be useful and important for th e NPA community to see statistics on these categories. Since audience findings vary according to the size and type of organization, we have included short topical descriptions in Matrices II and III to allow readers to compare audiences. Names of the organizations which provided the surveys listed on these Matrices are not included as many preferred to remain anonymous.

Guidelines for Review of Demographic Matrices

Because of the different types of audiences surveyed, it was hard to generalize accurately about the arts audience. There were two particular types of audiences among the range of those surveyed that presented special cases, they are: 1) those who attend "blockbuster" exhibitions which are of such great appeal th at they attract people that do not often frequent the arts. They attract larger numbers of people from outside the area than do regular art offerings and possibly attract greater numbers of older (over 60) people. And, 2) Membership audiences limited to those who are willing and able to pay membership fees. We expected findings from members surveys to picture a higher than average financially secure, older patron.

In forming conclusions from our Matrices, it is also important to note that not all art forms were surveyed and of those that were, many provided data for only a few of the demographic categories that we looked at. Thus, from the body of existing surveys, we have little information on most demographic characteristics for visual arts audiences and no data on those who attended fairs or who participated in cultural center activities. We have used the method of weighted averaging to counter against these difficulties. It minimized the effects of extremely atypical events and provided the most accurate picture of audiences overall. Where there was a sharp difference between survey findings they are discussed in the text. (See Demographic Matrices II & III for survey findings)

Advanced Services Labor Pool

Survey findings showed that the arts audience is largely made up of professionals with a postgraduate degree (45% of the San Francisco arts audience were postgraduates and 43% were professionals). Since they attend San Francisco NPAO e vents and exhibitions in great numbers, we can infer that the arts play an important role in the lives of these people.

NPAO audiences are an important labor pool for the advanced service industry, since it is these very people that provide the professional skills essential to its operation. These findings then strongly support the theory that the culturally rich environment created by the NPAOs serves to help attract and/or hold corporate headquarters and the associated advanced services industry. (See chapter on Corporate Headquarters-Arts Amenities in PRI. The Economic Impact of the Non-profit Arts on the Economy of San Francisco, 1987)

Place of Employment

Data on the percentage of the audience employed within San Francisco and the surrounding Bay Area helped us to determine whether or not there was a link between San Francisco's workforce and NPAO attendance. None of the surveys we acquired included this item. However, we were fortunate enough to have the J. Walter Thompson agency and the San Francisco Symphony, who were conducting the 1986 Pops' survey, insert this important item in their questionnaire.

Since a question on place of employment naturally elicits responses only fr om those that are employed, some 26% of the Pop's audience did not answer this question (students, retired or unemployed individuals likely account for this percentage). Pop's survey findings did show that 33% worked in San Francisco and 3 8% worked in other parts of the Bay Area (3% lived outside of the Bay Area, and therefore, worked outside of the Bay Area). If these results were to include only those respondents who were employed, the percentage of people working in San Francisco and the surrounding Bay Area would be actually higher. These results enabled us to see a link between San Francisco's work force and arts attendance because nearly all of the audience that worked was employed in the Bay Area (the labor pool for business and government located in San Francisco) and at least one third, if not more, were employed within the City and County of San Francisco.

Education

Looking at Matrix I, we see that the City's arts audiences were highly educated with 45% having completed postgraduate training and only 14% having less th an a 4 year college education. 37% had at least a 4 year college degree. An exception to this high percentage was the audience of a large popular music festival which attracted persons more representative of the population at large. Comparing San Francisco audiences to the regional arts audience described by the PASS (Performing Arts Services) study which surveyed arts and theater events in six Bay Area counties, we found San Francisco audiences to be more highly educated. The difference may have been due to the inclusion in the PASS study of commercial theater audiences which may have attracted a less educated audience.

Occupation

San Francisco's arts audience profile shows a strong trend towards employment in professional occupations. When we combined professional and managerial occupations, 55% of the audience fell in this category. Yet, this was more than 1 0% lower than for PASS's regional audience. The difference may have been due to the fact that only three of the San Francisco surveys used contained this information. A true figure then might be somewhat higher than 55%. The second most important occupational category was the "other" category which accounted for a substantial 30%. It included students, artists and retired individuals. Those in th e audience who were in the clerical/service field accounted for 11% as did blue collar workers while technical workers were the smallest group at only 9%.

Income

San Francisco NPAOs serve a fairly affluent clientele. The average across- survey median household income was $34,792.[7] Approximately 30% of the audience had household incomes of $55,000, 41% were between $25,000 and $55,000 and 30% had less than $25,000. (See Appendix A- Notes on Audience Income). Regional audiences had household incomes comparable to San Francisco's.

Gender and Marital Status

Women attended the arts more frequently than men, some 61% to 37%. Several large music organizations were the exception. According to our surveys, dance, theater and media attracted more women than did other forms of art. Gender composition differed slightly between the San Francisco and regional audiences while San Francisco and national audiences were quite similar. Although still representing a minority, the proportion of the regional audience which was male was greater than that of the national or San Francisco audience. Single people dominated the City's audience by 10% (with the same exception that applied to sex distribution). San Francisco figures were nearly identical to regional figures with single people accounting for 48% of the audience, married were 38% and "other" were 16%. These marital status percentages were highly reliable figures given their close correlation to PASS findings.

Race/Ethnicity

Ethnicity was difficult to measure based on the surveys available for review. This was due to several factors. First, the weighted averaging method produced percentages that did not add up to 100%, some 4% was unaccounted for. Also, of the only four organizations that asked questions regarding audience members' race, three offered programs of special interest to minorities, thus we would have expected that a disproportionately high number of minorities would have attended.

Our percentages then were surely too high in the minority ranges, although the distribution within the categories was probably accurate with Hispanics and Asians making up a larger part of the arts audience than did Blacks and other minority groups. We placed little weight on the "other" category percentages, since we could not determine what "other" meant in the survey with responses of 13- 17%. Some whites may have included themselves in this category inflating this figure. We know that at least 6-9% were legitimately included in the "other" category, as we were given specific percentages for Native Americans and Pacific Islanders. The result for whites was surely the most problematic calculation in this category. [8] A more accurate figure would be 85% for the percentage of the audience that was white.

As reported in the surveys we collected, San Francisco's NPAOs appear to at tract a larger minority population than either regional organizations or national averages. Again, this could have been due to overrepresentation of minorities in the surveys received for the reasons stated above.

Age

Our ability to estimate age was affected by interval ranges that varied among the surveys. However, we derived a median age of 41 from our data.[9] According to five studies, between 40% to 55% of the audience was between the ages of 30-49.

Those under age 25 did not frequent the arts in great numbers. According to four of the surveys, those under 25 made up only between 5% to 21% of the audience.

It appears that the under 30 attendee was more likely to patronize a smaller arts organization, while those over 50 seemed to prefer the larger arts organizations. This may have been due to the fact that the larger organizations are generally the more established, recognizable art forms.

NATIONAL, REGIONAL AND SAN FRANCISCO ARTS AUDIENCES
COMPARITIVE DEMOGRAPHIC MATRIX I

	NATIONAL N.E.A. 1976-78 perf.arts	museums	BAY AREA P.A.S.S. 1984	SAN FRANCISCO weighted aves. based on	ranges 1984-86 14 surveys
Gender:					
Male	42%	43%	48%	37%	24-60%
Female	58%	57%	52%	59%	39-71%
Median Age:	35	31	38	41	31-51
Marital Status:					
Single			48%	47%	33-53%
Married			35%	37%	23-50%
Other			17%	15%	14-17%
Education:					
less than College	39%	52%	24%	14%	1-31%
College Grad.	29%	26%	27%	40%	34-40%
Post-Grad.	32%	22%	49%	45%	19-62%
Median Household Income:	$44,233*	$42,466*	$32,000	$34,792	28-45
Occupation:					
Professional	59%	59%	68%	43%	40-50%
Managerial	9%	15.6%		10%**	7-15%
Technical				9%	5-12%
Clerical/Service	18%	14%	18%	11%**	
Blue Collar	2.8%	3%		11%**	0-10%
Other			12%	29%	23-37%
Ethnicity:					
White	93%	93%	92%	78%**(85%)	64-88%
Asian	***	***	4%	4%**	0-7.5%
Black	3%	3%	1%	3%**	0-5%
Hispanic	1%	1%	1%	4%**	0-7.5%
Other				7%**(4%)	.5-17%

The P.A.S.S. study surveyed audiences from six Bay Area counties.

* These income figures were adjusted to 1985 dollars.

** These figures are based on results from one or two surveys and must be interpreted with reserve.

*** Minorities as a group made up 7%, but there were no specific

Figures in parenthesis () are recalculations due to data problems.

Conclusions

Through direct ancillary spending the nonresident arts audience contributed $73.5 million dollars to San Francisco's business economy in 1985 solely because of the presence of San Francisco's NPAOs. Because their expenditures concentrated in a few sectors and locations and, further, because these direct expenditures had multiplier effects, the economic benefits of these ancillary expenditures was both deep and wide. This contribution is felt most strongly in San Francisco's food and drink sector in neighborhoods where arts facilities cluster. Here the impact also includes the concentrated ancillary expenditures of the resident audience.

In addition to this direct infusion of money into the City's economy, NPAOs create other important economic benefits by way of the audiences that they attract and serve. A highly educated, professional segment of the population frequents arts exhibits and performances. It is this same highly educated professional group that is essential to the operation of corporate headquarters and other advanced services. Thus, San Francisco's NPAOs play an important role in creating the culturally rich environment which is attractive to this highly educated, professional population. We can infer, for example, that these NPAOs are a positive influence in encouraging corporations to locate and/or retain their head quarters in the San Francisco Bay Area. The importance of corporate headquarters and associated business services to the health of the City's economy is widely recognized. Thus, an analysis of the audience of the City's NPAOs indicates several positive links between the health and stability of San Francisco's NPAOs and the strength of San Francisco's economy.

Recommendations for Further Research and Projects

As specified within the body of this chapter, our task of compiling a profile of the San Francisco NPAO audience was hindered by several factors. First, not enough NPAOs had performed comprehensive audience surveys. Second, of the 21 surveys we acquired, only 14 were usable, because either the survey failed our content, scope or reliability test or the NPAO could not provide us with the information necessary to evaluate for these factors (e.g., the number of people surveyed or when and how surveys were distributed to an audience). These are sad figures as they can, in some cases, signify wasted efforts or reliance on unsound statistics. Third, while fourteen usable audience surveys were found, few of the fourteen asked their audiences the range of questions we sought. For example, only three NPAOs asked questions about profession, and only four asked about race/ethnicity. Finally, overall the surveys lacked uniformity. This effected the categories of income and age most directly, but we also found great variation in the way occupation, education and race/ethnicity questions were phrased. Our task of compiling a generalized audience profile for San Francisco would have been much simpler and more accurate if more uniformity had been found.

Based on this experience, we recommend that the Arts Commission consider putting together a packet for NPAOs that would contain: 1) suggested survey questions to insure uniformity and community-wide analysis (Uniform questions should be compiled only after NPAOs verify that each question category meets their needs . The list of questions should not be limited to only those we chose to examine in this study, rather it should include other topic areas such as frequency of attendance or advertising effectiveness.); and 2) a detailed description of methods and procedures to insure reliable data collection. A computer- assisted data base design could be of great assistance to some NPAOs for entry and analysis of data. The availability of such a database could ease the burden of manual tabulation which appeared to be one of the most common means to determine results. Additionally, it would allow for cross-category analysis (e.g., of the men responding it could indicate how many were in a certain age group, occupation or income range, or it could determine how often visitors attend events as opposed to residents.) Finally, the Arts Commission may want to consider ways to encourage more NPAOs to survey their audiences. Offering a packet like the one described might work, as might the possibility of technical support or a networking system among NPAO administrators skilled in this area.

Footnotes

[1] Because the focus of this report was on economic impact, we have chosen to examine only certain audience characteristics (See list of 5 facets we explored on page 1) which means we have chosen to not examine other characteristics or aspects of the NPAO audience. In doing so, we do not intend to suggest that these other aspects are not

SAN FRANCISCO ARTS AUDIENCE DEMOGRAPHIC MATRIX II

rvey #:	No.1	No.2*	No.3*	No.4*	No.5	No.6	No. 7	No.8		No. 9	No.10
j.Type:	Lrg. Music	Large Blockbusters	Visual Arts /	Members		Sm. Media	Sm. Music	Lrg. Media		Lrg. Music Festival	Sm. Dance
te:	1985	1986	1984	1979	1980	1984	1986	1986		1984	1986
sidency:											
	43%	16%	9%	11%	n/a	52%	67%	65%		35%	57%
y Area	52%	54%	69%	72%		33%	21%	33%		61%	43%
urists	5%	30%	23%	17%		9%	1%	2%		4%	0%
ucation:											
Sch.Grad.	3%	9%	n/a	n/a	24%	n/a	4%	n/a		31%	n/a
g. Grad.	40%	54%			40%		34%			38%	
t.Grad.	57%	36%			35%		61%			19%	
cupation:											
ofessional	50%		n/a	n/a	n/a	n/a	43%	n/a		n/a	40%
chnical	5%										12%
nagerial	15%						7%				
erical/ ervice							11%				
ue Collar										n/a	11%
ner/Self- mployed	7%						0%				10%
her	23%						37%				28%
come:								16%	under 10	5%	
der 15,000			n/a	n/a	under 10	45%	n/a	19%	10-15	5%	under 15 25%
-25,000	8%				10-20	16%	25-39	34%	15-25	12%	16-25 19%
-35,000	14%				20-30	14%	40-59	15%	25-35	16%	26-35 19%
-45,000	14%				30-40	9%	60-74	8%	35-45	14%	36-50 20%
-55,000	13%				40-50	5%	75+	7%	45-55	12%	50+ 17%
-80,000	24%				50+	7%			55-75	12%	
er 80,000	26%								75 +	13%	
dian	$56,900				$18,800		$34,865			$38,850	$30,7

Because these surveys were of "blockbuster" events which occur regularly (but generally not more than two in any one year) figures these three columns were pool averaged before calculating weighted erages.

**In cases where an organization gave us r survey we have shown the results from both averages presented in the ancillary estima in Matrix III, were calculated by includ

SAN FRANCISCO ARTS AUDIENCE DEMOGRAPHIC MATRIX II

Survey #:	No.1	No.2*	No.3*	No.4*	No.5	No.6	No. 7	No.8	No. 9	No.10	No.11	No.12		No. 13	No.14
Org.Type:	Lrg. Music	Large Blockbusters	Visual Arts / Members			Sm. Media	Sm. Music	Lrg. Media	Lrg. Music Festival	Sm. Dance	Sm. Dance	Sm. Dance**		Lrg. Music	Sm. Theater
Date:	1985	1986	1984	1979	1980	1984	1986	1986	1984	1986	1986	1985	1986	1985	3-4/85
Residency:															
SF	43%	16%	9%	11%	n/a	52%	67%	65%	35%	57%	38%	n/a	n/a	n/a	44%
Bay Area	52%	54%	69%	72%		33%	21%	33%/	61%	43%	54%				46%
Tourists	5%	30%	23%	17%		9%	1%	2%	4%	0%	8%				10%
Education:															
H.Sch.Grad.	3%	9%	n/a	n/a	24%	n/a	4%	n/a	31%	n/a	n/a	n/a	n/a	1%	9%
Clg. Grad.	40%	54%			40%		34%		38%					35%	35%
Pst.Grad.	57%	36%			35%		61%		19%					62%	56%
Occupation:															
Professional	50%		n/a	n/a	n/a	n/a	43%	n/a	n/a	40%	n/a	n/a	n/a		
Technical	5%									12%				n/a	n/a
Managerial	15%						7%								
Clerical/ Service							11%								
Blue Collar									n/a	11%	n/a	n/a	n/a		
Owner/Self-employed	7%						0%			10%					
Other	23%						37%			28%					
Income:								16%	under 10 5%		under 10	10%	7%		
Under 15,000			n/a	n/a	under 10	45%	n/a	19%	10-15 5%	under 15 25%					under 15,000 35%
15-25,000	8%				10-20	16%		25-39 34%	15-25 12%	16-25 19%	10-25	30%	29%	under 25 8%	15-25,000 23%
25-35,000	14%				20-30	14%		40-59 15%	25-35 16%	26-35 19%	25-40	24%	34%	25-50 33%	25-35,000 15%
35-45,000	14%				30-40	9%		60-74 8%	35-45 14%	36-50 20%	40-60	15%	13%	50-75 23%	35-45,000 10%
46-55,000	13%				40-50	5%		75+ 7%	45-55 12%	50+ 17%	60+	7%	7%	75+ 30%	45-60,00 9%
55-80,000	24%				50+	7%			55-75 12%						60,000 + 8%
Over 80,000	26%								75 + 13%					$54,000	
Median	$56,900				$18,800			$34,865	$38,850	$30,790	$26,650		$28,575		$26,450

* Because these surveys were of "blockbuster" events which occur irregularly (but generally not more than two in any one year) figures in these three columns were pool averaged before calculating weighted averages.

**In cases where an organization gave us more than one audience survey we have shown the results from both, however our weighted averages presented in the ancillary estimate table, as well as in Matrix III, were calculated by including the pooled average.

Footnotes

[1] Because the focus of this report was on economic impact, we have chosen to examine only certain audience characteristics (See list of 5 facets we explored on page 1) which means we have chosen to not examine other characteristics or aspects of the NPAO audience. In doing so, we do not intend to suggest that these other aspects are not

SAN FRANCIS

Survey #	No.1	.11	No.12		No.13		No.14
Org. type:	Lrg. Music	. nce	Sm. Dance		Lrg.Music Members		Sm. Theater
Date:	1985	86	1985	1986	1984		3-4/85
SEX:							
Female	48%	/a	69%	67%	44%		61%
Male	52%		24%	25%	52%		39%
AGE:		%	n/a	8%			
under 30	2%	%		27%	20%	20-35	49%
30-39	23%	%		25%	28%	35-50	47%
40-49	24%	%		15%	22%	50-65	14%
50-59	27%	%		11%	21%		
over 60	24%	%		9%	13%	65+	6%
median	51			40	48		46
MARITAL STATUS:							
Single	33%	/a	53%	50%	n/a		53%
Married	50%		32%	36%			33%
Other	17%						14%
ETHNIC BACKGROUND:							
White		n/a	68%	60%	n/a		n/a
Latino/Hispanic			8%	7%			
Asian			7%	8%			
Black			5%	5%			
Other			17%	13%			

SAN FRANCISCO ARTS AUDIENCE DEMOGRAPHIC MATRIX III

Survey #	No.1	No.2	No.3	No.4	No.5	No.6	No. 7	No.8	No.9	No.10	No.11	No.12		No.13	No.14
Org. type:	Lrg. Music	Large Blockbuster	Visual Arts /		Members	Sm. Media	Sm. Music	Lrg. Media	Lrg. Music Festival	Sm. Dance	Sm. Dance	Sm. Dance		Lrg.Music Members	Sm. Theater
Date:	1985	4/86	1/84	8/79	1980	1984	1/86	1986	1984	1986	1986	1985	1986	1984	3-4/85
SEX:															
Female	48%		n/a	n/a	71%	n/a	39%	53%	62%	57%	n/a	69%	67%	44%	61%
Male	52%				25%		60%	47%	37%	43%		24%	25%	52%	39%
AGE:								-30 21%	under25 5%	21%	11%	n/a	8%		
under 30	2%	20%	21%	n/a		38%	25%	30-39 36%	25-35 14%	44%	8%		27%	20%	20-35 49%
30-39	23%	24%	24%		26%	45%	28%	40-49 28%	35-45 20%	25%	20%		25%	28%	35-50 47%
40-49	24%	21%	16%		17%	10%	25%	50-64 28%	45-55 20%	5%	15%		15%	22%	50-65 14%
50-59	27%	14%	18%		23%	5%	22%	65+ 4%	55-65 23%	5%	19%		11%	21%	
over 60	24%	21%	21%		34%	3%			65+ 11%		13%		9%	13%	65+ 6%
median	51		43		49	31	38	47	43	31	40		40	48	46
MARITAL STATUS:															
Single	33%		n/a	n/a	n/a	n/a	45%		n/a	n/a	n/a	53%	50%	n/a	53%
Married	50%						23%					32%	36%		33%
Other	17%														14%
ETHNIC BACKGROUND:															
White		88%	n/a	n/a	n/a	n/a	87.5%	83%	n/a	n/a	n/a	68%	60%	n/a	n/a
Latino/Hispanic		2%					0%	4%				8%	7%		
Asian		3.5%					0%	4%				7%	8%		
Black		1.5%					0%	4%				5%	5%		
Other		1%					.5%	5%				17%	13%		

Footnotes

[1] Because the focus of this report was on economic impact, we have chosen to examine only certain audience characteristics (See list of 5 facets we explored on page 1) which means we have chosen to not examine other characteristics or aspects of the NPAO audience. In doing so, we do not intend to suggest that these other aspects are not interesting concerns for research (e.g., the potential NPAO audience).

[2] Report #9, the National Endowment for the Arts' Research Division, 1978.

[3] Survey of San Francisco Visitors 1983. Summary and Visitor Industry Situation Analysis, May 1986. Personal interviews were conducted at five "principal visitor attractions" and at 26 hotels. We believe most of those surveyed would best fit into our "tourist" category.

[4] Treasures of Tutankhamun Visitor Survey, August 1979 by the Fine Arts Museums of San Francisco.

[5] The Port Authority of New York and New Jersey's "The Arts as an Industry: Their Economic Importance to the New York-New Jersey Metropolitan Region," May 1983 (p. 10), found that overnight visitors ("tourists" within our definition) spent on the average $128 per person and that their average stay was two days. To derive a daily figure, we divided the $128 by two. In doing so, we may have understated the true amount for a one day stay, since expenses can be higher for one day than if they are distributed over two days time.

[6] Report #1, the National Endowment for the Arts' Research Division, May 1981.

[7] In arriving at our conclusions regarding audience income we made numerous calculations. The extent of our calculations was necessitated by the wide variance in interval ranges presented within the surveys we reviewed. This task would have been much simpler if the interval ranges had been more uniform, but since that was not the case, we explain the process by which we arrived at our findings. To derive a weighted median household income figure for the arts patron we took the midpoint of each interval used in each survey and multiplied it times the percentage of the audience that fell within that range. The sum of these midpoints then gave us a median household income figure for each audience surveyed from which we created an overall weighted median.

[8] If the 4% unaccounted for percentage were added to the 78% weighted average figure along with the 3% from the "other" category, derived from a recalculation of the "other" category using the 6-9% range rather th an the 13-17%, we arrived at 85%, which was a more likely estimate for the percentage of whites in the San Francisco arts audience.

[9] For reasons similar to those stated in [7], we used the weighted median method to calculate a median average age level for each survey and for all surveys combined.

Appendix A: Evaluation of Audience Methodology

SURVEY NUMBER	1	2	3	4	5	6	7	8	9	10	11	12	13	14
CONTENT														
residence	X	X	X	X		X	X	X	X	X	X	X		X
occupation	X						X	X		X				
income	X	X				X		X	X	X		X	X	X
education	X	X			X		X		X				X	X
race/sex/age	X	X	X		X	X	X	X	X	X	X	X	X	X
ancillary info.	X	X	X	X		X				X				
SCOPE														
large NPAO	X	X	X	X	X			X	X				X	
small NPAO						X	X			X	X	X		
RELIABILITY														
methods attached	X	X	X	X		X	X		X	X				X
questions att.	X	X	X	X	X	X	X	X	X	X	X	X		X
response 30% +	X	X	X	X	X	X	X		X	20%	22%	X	X	X
n	511	1157	913	1100	1606	467	130	160	2043	250	242	363*	1087	427
random sampling	X	X	X	X	X	X	X	X	X	X	X	X	X	
more than 1 event		X	X	X	X	X	X	X	X	X	X		X	
outside consultant				X		X		X	X					

*and 576

Studies were evaluated and used or rejected according to these three sets of criteria. This matrix shows the ratings of studies included in the audience profile.

Content measured the usefulness of a survey for our purposes. Those that did not provide information relevant to audience demographics or ancillary spending were rejected.

Scope was used to determine whether or not there was a significant difference between those who attended large arts organizations and those who attended events put on by small groups. To the extent that audiences for the large NPAO's made up a greater percentage of the total NPAO audience, their findings needed to be given greater weight. Large NPAOs had yearly budgets of over $100,000 and small NPAOs had less.

Reliability told us whether or not we could rely on survey data findings, and how representative survey responses were of the audience under study.

Appendix B: Weighting Methodology

As seen in the Economic Impact chapter each art form made up a different proportion of the total arts audience, ie: music 14%, dance 18%, theater 17%, technical assistance/community arts resources 17%, arts centers/festivals/fairs 15%, visual arts 8% and media/film/radio video 10%. Therefore, using this measure also enabled us to portray the average arts patron more accurately.

Art form percentages of the total audience may be somewhat incorrect for certain art forms. We gathered these percentages from responses to the economic impact questionnaire. 136 organizations provided figures on audience attendance while 52 did not. Thus, in some categories a sizable number of organizations we re not included in these percentages. The number of organizations not providing an attendance figure was fairly evenly distributed among arts organization types with the exception of visual arts, cultural centers/fairs/festivals, media and technical assistance. We note then that these art forms may be underrepresented in our findings.

The most common problem we faced was lack of standardized questions an d variance in data intervals among the surveys. Many of the socio-economic characteristics we were interested in evaluating for the purpose of this study were addressed by only a few of the surveys. For this reason, average figures for so me audience characteristics are derived from only a few surveys.

Appendix C: Tourist Spending Estimate

Tourists attending arts events, as measured by studies done in other cities , spent significantly less than tourists surveyed by the San Francisco Visitors and Convention Bureau. This discrepancy may in part have been due to the different tourist groups measured. The New York and Richmond studies measured the expenditures only of those tourists who attended arts events, whereas the San Francisco Convention and Visitors Bureau surveyed a sample of the entire tourist population regardless of whether or not they frequented an arts event during their stay. It may have been that the subgroup of tourists which attend arts events spends less than the average tourist, especially since the average tourist (as surveyed by the Visitors and Convention Bureau) included business visitors and conventioneers who may have had large expense accounts. Thus, the Visitors and Convention Bureau expenditure figure may have been higher than the actual expenditures made by the arts motivated tourist segment of the NPAO audience.

Another reason that the San Francisco Visitor and Convention Bureau's figure may have been too high for our purposes was that it included the tourist's expenditure on entertainment (for those who attend NPAO events this included the price of admission). In our estimate of the tourist segment's expenditure, we do not want the price of admission added into their ancillary spending as this economic activity was accounted for in the Economic Profile chapter of PRI, The Impact of the Non-profit Arts on the Economy of San Francisco, 1987.

Additional evidence which helped confirm the soundness of a lower figure, w ere results from the Impressionist Exhibit Visitor Survey, April 1986 which suggested that an average figure for these nonresidents fell between $50-100 for expenditures per day. However, since the study measured group expenditures this dat a did not provide us with an estimate of the per person expenditure.

Appendix D: Audience Income Intervals and Alternative Estimate of Visitors' Food Expenditure

To derive a weighted average of the percentage of total audiences which had incomes in a particular interval we included only those studies that had household income (these are survey nos. 1, 8, 9, 10 and 12) not those that provided in come for individuals (these are 6 and possibly 13 and 14). The studies which had per person income figures had very low incomes for a large percentage of the audience (e.g.: 35% and 45% with below 15,000 yearly) making the two measures incompatible. This significantly diminished the amount of data from which to estimate the percentage of the total audience that falls into the three economic categories. As our chart shows, some intervals present data from only two surveys, thus the reliability of these estimates was not high and they should be viewed me rely as the best estimates with available data.

#of surveys which included these ranges	income interval	weighted average	range
5	below 25,000	32%	8-44%
2	25-55,000	41%	41-42%
2	over 55,000	30%	41-42%

Our demographic profile of the audience showed us that 30% have a household income of over $55,000. This percentage of the audience we expected would spend in the upper limits of our range of expenditure for arts-related food and drink. Our middle income group made $25-55,000 annually and comprised approximately 40% of the audience. Our last category consisted of 30% of the audience an d had an annual household income of $25,000 or less. To ensure that we did not overstate the impact of audience spending, we used a conservative estimate of $7.50, $15 and $30 for the average amount spent by each income group. Our three groups spent $3,037,500, $8,100,000 and $12,150,000 respectively and contributed a total of $23,287,500 to San Francisco's restaurants and bars.

END CHAPTER 2

THE AGGREGATE ECONOMIC IMPACT OF THE NON-PROFIT ARTS ORGANIZATIONS ON INCOME AND EMPLOYMENT IN THE CITY OF SAN FRANCISCO

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EXECUTIVE SUMMARY

- **The Non Profit Arts Organizations (NPAO) have a significant economic impact on the economy of the city of San Francisco**. The economic impact can be divided into two types: initial impact and secondary impact.

  The initial impact results from the direct expenditures made by the NPAO as well as the expenditures made by patrons of the arts (ancillary expenditures).

  The secondary impact results from the induced spending made by people who receive income through the initial impact. The size of this secondary impact is determined through the multiplier process.

- **In 1985, the NPAO made operating expenditures of $88.3 million**; for the period 1983-84, they averaged $8 million per year in capital expenditures.

- Ancillary expenditures are made by three different groups: tourists (overnight visitors); visitors (day or evening visitors); and residents (San Francisco residents). **In 1985, the amounts of ancillary expenditures which can be directly tied to NPAO presence was**:

Tourists	**$17 million**
Visitors	**$35.7 million - $55.6 million**
Residents	**$4.5 million - $7.6 million**

- When the secondary impact (through the multiplier) is combined with the initial impact, **the aggregate economic impact of the NPAO is estimated to be between $208 million and $240 million.**

- The NPAO have a significant impact on employment in the city of San Francisco. **During 1985 over 6,500 people were employed by the NPAO** (almost 3,500 full time equivalent). When the ancillary and secondary effects are included, an **additional 2,500 jobs are due to arts-related expenditures.**

- Thus, **approximately 6,000 full-time equivalent jobs and 9,000 total jobs can be directly related to the presence of the NPAO.**

THE AGGREGATE ECONOMIC IMPACT OF THE ARTS

An Overview

In this chapter we estimate the aggregate economic impact of the non-profit arts organizations (NPAO) on the economy of the city of San Francisco. This economic impact will be defined as the amount of production which takes place in San Francisco as a result of the presence of the NPAO. There are two types of impacts: the initial economic impact resulting from the presence of the NPAO; and the secondary economic impact resulting from the spending induced by the incomes earned during the initial economic impact. In the text below, we will describe these two types of impacts and provide estimates of their magnitude.

The initial economic impact of the NPAO results from two sources. First, the NPAO produce and provide to the public certain services (e.g., performances). While the public often concentrates on the artistic aspects of these services, it is important to note that these services are of significant economic value. Just as in the case of any economic good or service, resources must be purchased and used to produce this artistic output.[1] If all of these services were sold to the public at a market price, the product of the number of services and the price for those services would measure the value of this artistic output. However, these services (artistic output) are usually not sold at a price which corresponds to the true cost of production; hence, the value of the artistic output of the NPAO (and the size of this part of the initial impact) will be measured by the value of the economic resources used in the production of the services. The second source of initial impact is due to the production of goods and services which can be directly linked to the presence of the NPAO. The value of these ancillary goods and services along with the value of the artistic output of the NPAO make up the **initial economic impact** of the arts organizations on The City's economy.

As a result of the initial expenditures described above, residents of San Francisco receive incomes, either as employees of the NPAO, owners and employees of those firms supplying the arts organizations, or as owners and employees of those firms which provide the ancillary services to the arts patrons. These income recipients will spend part of their income on goods and services produced in San Francisco; as a result of this additional production, further incomes are created within the local economy, the city of San Francisco.2 The effects on the local economy described in this paragraph are referred to as the **secondary economic impacts** of the NPAO.

In the pages below, we will investigate these initial and secondary impacts more closely. After that discussion, estimates of the magnitude of these impacts on San Francisco's economy will be made.

The Sources of the Initial Economic Impact

Within the category of initial economic impact are two types of production: the artistic output actually produced by the NPAO; and the goods and services which are produced for, and purchased by, patrons of these arts events while attending the exhibits and performances. In this discussion, the artistic output will be referred to as the direct impact, while the ancillary production will be referred to as the indirect impact.

Value of Artistic Output

The first step in estimating the magnitude of the direct impact of the NPAO is to measure the value of the output produced by the arts organizations. The technique used to value the arts performances is somewhat different from that used for most economic units. In the case of a manufacturing plant, for example, the value of production would be determined by multi- plying the price of the product sold by the number of units sold; that is, by measuring the total revenue or income earned by the firm. The analogous technique for the NPAO would be to multiply the amount of output (performances/exhibits seen by patrons) by the price of the product (admission fee). In the case of the NPAO, however, this approach would seriously underestimate the value of the output being produced because most arts organiza- tions tend to spend more on production costs than they receive in admissions revenues.

In 1985, the year of our survey, revenue from ticket sales (box office admissions and subscriptions) made up approximately one-half of the total income collected by the NPAO, totaling $45.1 million out of a total income for the organizations of $92.4 million.3 As a way of accommodating this characteristic of the NPAO, we will use the organizations' total expenditures which were required to produce their artistic output as an estimate of the value of the services produced.

As noted in Chapter 1, the arts organizations which were surveyed spent $88.3 million in the production of their exhibits and performances in 1985. Table 1 shows the breakdown on the type of expenditure.

TABLE 1
Operating Expenditures for the NPAO, 1985
(Millions of Dollars)

Category	Amount
Salaries:	
Artists	$ 20.6
Administrators	12.9
Technicians	10.7
Non-Salaries:	
Production	13.0
Outside Services	5.6
Advertising	5.0
Taxes	4.6
Space Rental	3.2
Supplies	2.4
Travel	1.8
Telephone	1.3
Other	8.4
Total	**$ 88.3**

Source: Survey of NPAO. See Chapter 1, Economic Profile.

In addition to the operating expenditures identified above, there is also the need for capital expenditures. While the level of capital expenditures can vary widely for any organization from year to year depending on the timing of major projects, the total capital expenditures for all NPAO should be relatively stable from year to year. In fact, for the organizations responding to our survey, capital expenditures in both 1983 and 1984 were in the $8 million to $9 million range.

There is an additional type of initial impact which we can describe, but given the shortage of data we can make no reliable estimate. If, because of the existence of the NPAO, arts groups from other cities bring their performances and exhibits to San Francisco, the expenditures made by these groups while they are on tour in San Francisco (e.g. lodging, meals, supplies, etc.) are direct expenditures. In addition, ancillary expenditures by patrons of these performances would also be part of the initial impact associated with the NPAO.

While it is true that the expenditures of these outside organizations which are touring in San Francisco should be included in our estimates, the omission is balanced to some extent by the expenditures made by NPAO based in San Francisco which tour (that is, present performances and exhibits outside of San Francisco). To the extent that touring expenditures are made outside San Francisco (for example, lodging expenditures in Los Angeles), these expenditures should not be included in our estimates of initial impacts. As in the case of outside groups performing in San Francisco, the collection of accurate data is a formidable task. We have not netted out from our expenditure totals the amount of expenditures for San Francisco-based NPAO related to touring; since the two types of touring expenditures discussed here have impacts of opposite sign (one increasing the economic impact in San Francisco and the other decreasing the economic impact), we simply note the existence of these two types of expenditures and assume that the two magnitudes balance out against each other.

Ancillary Activities

Some patrons of the NPAO performances will spend money on such activities as food, parking, and hotel accommodations when attending performances. To the extent that these expenditures **would not have been made except for the NPAO performances**, these ancillary expenditures are initial impacts on the local economy which can be indirectly attributed to the NPAO performances. It is extremely important in this case to identify only those activities which fit under this description. For example, if the alternative to going to dinner and attending a play is to go to dinner and then attend a baseball game, the restaurant expenditure is not directly related to the presence of the NPAO. In the estimates presented below, care was taken to include only those ancillary expenditures which were indeed tied to the NPAO events. For example, rather than including all tourists who attended NPAO events when deriving the base for tourist-related expenditures, only those tourists who came to San Francisco primarily for the purpose of attending an event were included. The result of this assumption, and similar ones made for other categories, is that the estimate of ancillary expenditures presented in this report are likely to be extremely conservative estimates of the indirect impact of the NPAO.

In the previous chapter [hereafter referred to as Audience Profile], the results of a number of audience surveys were presented, along with estimates of the spending patterns for attenders. In this section, we will rely on those estimates as we estimate the ancillary expenditures associated with the NPAO.

As discussed in Audience Profile, the NPAO audiences can be partitioned into three segments: tourists, visitors, and resi- dents. In the paragraphs below, the assumptions used in calcu- lating the ancillary expenditures are briefly summarized. A more thorough explanation is given in Appendix A to this chapter.

Tourists. Included in the tourist category are all over- night visitors to San Francisco. As mentioned above, only those tourists who actually came to San Francisco for the primary reason of attending an event produced by the NPAO are included. It is assumed that people within the tourist group who attend a NPAO performance spend, on average, $85 per day on food, drink, lodging, and transportation.

Visitors. The visitor group consists of those people who live outside San Francisco, but within the Bay Area and who come to San Francisco for the day/evening to attend a performance or exhibit. As indicated in Audience Profile, 60% of visitors purchased food and/or drink when attending a performance. Since the actual number of attenders in this group in 1985 was 2.25 million, it is estimated that 1.35 million visitors made ancil- lary expenditures.

Residents. There were 2.2 million residents of San Francisco who attended NPAO events. It is reasonable to expect that San Francisco residents would be more likely than visitors to attend some other activity in San Francisco (or the Bay Area) in the event that the NPAO were not present. Thus, the per- centage of residents making ancillary expenditures is quite likely to be less than the 60% assumed for visitors. In order to make an estimate of magnitude of these ancillary expenditures, we have based our estimates on the assumption that only 10% of the total resident attenders (220,000) make ancillary expenditures which are directly attributable to the NPAO performances. A more thorough explanation of the rationale used in making this estimate is given in Appendix A. Once again, we have attempted to use extremely conservative estimates of the number of patrons making ancillary expenditures.

The spending estimates for each of these groups is shown in Table 2. Based on the assumptions outlined above, it is esti- mated that the amount of ancillary expenditures indirectly attributable to the NPAO presence is between $57.2 million and $80.2 million. For the reasons given above and in Appendix A, we believe that these estimates are on the conservative side; more relaxed assumptions regarding the number of people who make ancillary expenditures and the size of those expenditures would increase the magnitude of our estimates significantly.

TABLE 2
Ancillary Expenditures by NPAO Audiences, 1985

Item	Tourists	Visitors	Residents
Food/Drink Expenditures (per person)	$85	$17.25 - $32.00	$17.25 - $32.00
Number of People	200,000	1,350,000	220,000
Total Amount Spent on Food/Drink/Lodging ($ million)	$17.0	$23.3 - $43.2	$3.9 - $7.0
Transportation Expenditures (per person)	included above	$5.50	$3.00
Number of People	200,000	2,250,000	220,000
Total Amount Spent on Transportation ($ million)	–	$12.4	$0.6
Total Amount of Ancillary Expenditures ($ million)	**$17.0**	**$35.7 - $55.6**	**$4.5 - $7.6**

Source: See Appendix A

Total Initial Economic Impact In summary, a significant amount of economic activity in San Francisco can be both directly and indirectly attributed to the presence of the non-profit arts organizations (NPAO). Based on the data from our surveys of the arts organizations and the audience studies, we estimate that the magnitude of this initial economic impact is between $153.5 million and $176.5 million. The breakdown of this impact is shown in Table 3.

TABLE 3
Total Initial Economic Impact, NPAO, 1985

Item	($ million) Amount
Operating Expenditures	$88.3
Capital Expenditures	8.0
Ancillary Expenditures	57.2 - 80.2
Total	**$153.5 - $176.5**

Secondary Economic Impacts

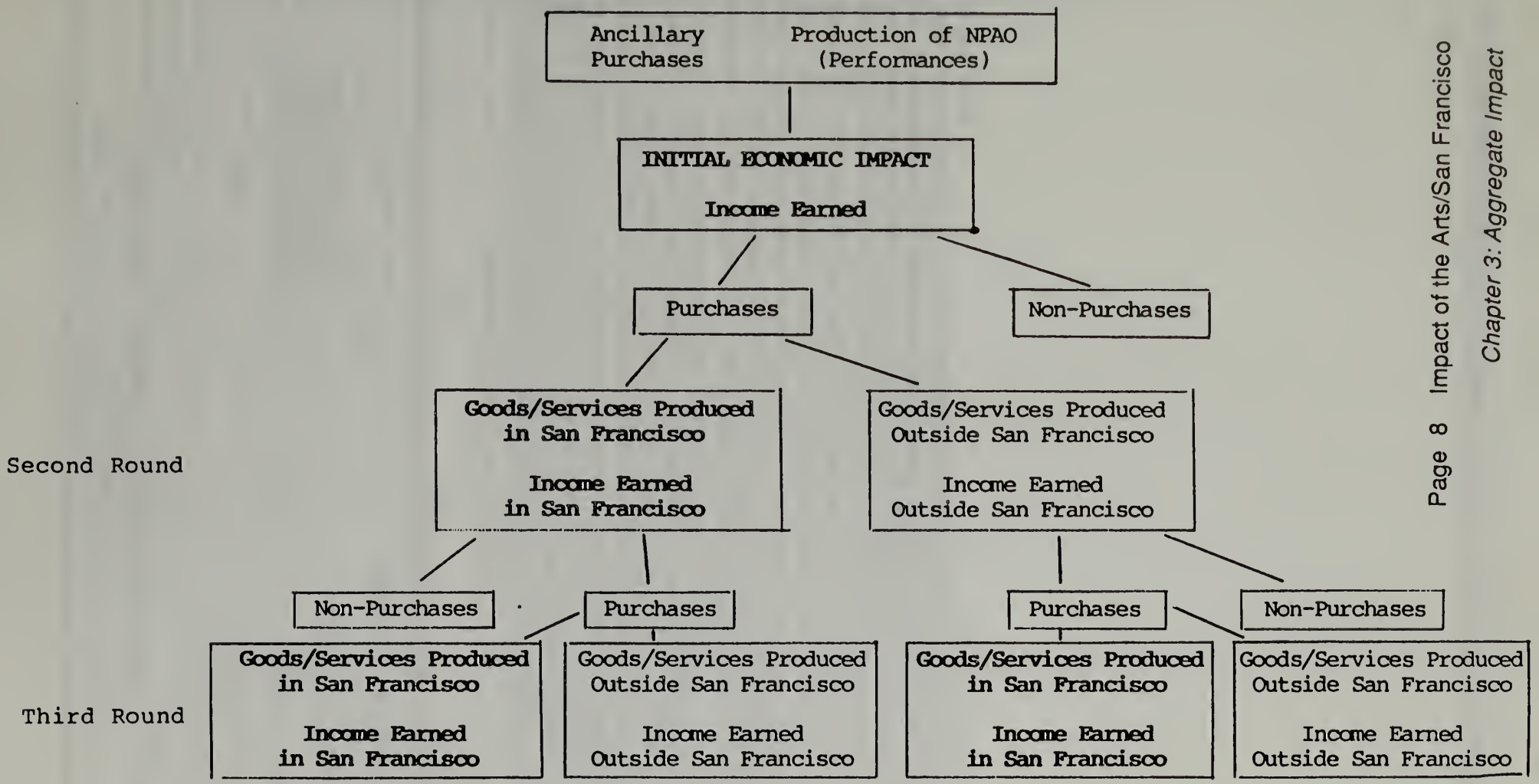
As a result of the economic activity described above (initial economic impact), a number of people receive incomes: employees of the NPAO; owners and employees of businesses supplying those organizations with goods and services; and owners and employees of businesses supplying the ancillary goods and services. These income recipients will spend part of their income on goods and services produced in San Francisco, thus creating a secondary economic impact (second round expenditures). This secondary impact will repeat itself as individuals and businesses which received income through the second round expenditures make purchases in San Francisco (third round expenditures).

This process will continue until there are no further expenditures made in San Francisco which can be traced to the initial impact of the NPAO. The sum of the second, third, and further rounds of expenditures is equal to the total **secondary economic impact**. Since we are interested in the ultimate impact on the San Francisco economy, we must include all economic activity, both initial and secondary, which takes place within the city.

Because of this secondary effect, the aggregate impact of the NPAO on the local economy is some multiple of the initial impact; the ratio of this aggregate impact to the initial impact is called the **multiplier**. A diagrammatic representation of this process in shown in Figure 1. In that figure, each of the impacts which are part of the aggregate impact are shown in bold face print.

FIGURE 1

The Multiplier Process



Note: Initial and Secondary Economic Impact of NPAO on the San Francisco economy is shown in **bold-face print**

As shown at the top of Figure 1, the initial impact is the sum of the value of the NPAO artistic output and the ancillary purchases. From the incomes earned in the production of these initial goods and services, income recipients can do three things: make purchases of goods and services, save some of their income, or pay taxes. These latter two options are summarized as non-purchases in Figure 1. Since the non-purchase option does not lead to additional demand for goods and services in San Francisco, we say that some of the potential spending has "leaked out" of the spending stream. If we were interested in the total secondary spending throughout the economy, we would calculate the size of the purchases and this amount would constitute the second round effect. However, in this case, we are interested only in the amount of additional spending which takes place within the San Francisco economy. Thus, there is an additional leakage: purchases which are made outside of San Francisco. It is only the value of those goods and services produced in San Francisco which are included as the second round impact. During this second round of production, incomes are earned, both within San Francisco and outside San Francisco. The result of this addi- tional income is a further inducement to buy goods and services on the part of the income recipients. In this third round of spending, there are two sources of demand for goods and services produced in San Francisco: purchases made by income earners in San Francisco as well as purchases made in San Francisco by income earners outside of San Francisco. These two sources of purchases (shown as the two bold faced boxes in Figure 1) combine to form the third round impact on the San Francisco economy. While Figure 1 ends with the third round impact, the process will, in fact, continue until there is no longer any additional spending induced by the initial expenditures.

The magnitude of the secondary impact will depend on the size of the "leakages" at each step. The larger the percentage of the purchases which are made from firms located within the "local" economy (that is, the smaller the leakage), the larger will be the secondary impact. Other things being equal, the larger the geographical size of the local market, the larger the secondary effect since more of the additional purchases can be made from "local" firms. This concept is especially important in the case being studied here. We are concerned with an extremely localized economy, the city of San Francisco. If our study area were the entire Bay Area, the secondary effects would be much larger. For example, if an employee of the NPAO purchases clothes in a store in Mill Valley, there is no secondary impact on the city of San Francisco; however, if our study area were the Bay Area, that purchase would be included.

An Estimate of the Multiplier

The secondary economic impacts could be calculated by summing the economic impacts for rounds two and three (Figure 1), and beyond until all of the additional potential spending had leaked out. The ultimate impact of these secondary effects can be brought together in the concept of the multiplier. If,for example, a direct stimulus to the local economy of $5 million ultimately caused an economic impact of $12.5 million, the value of the multiplier would be 2.5. The process of actually calcu- lating the multiplier is the subject of Appendix B. As explained there, a multiplier of 1.36 will be used for purposes of calculating the aggregate impact of the NPAO on the San Francisco economy. Clearly, it is important to use a reliable estimate for the multiplier; for reasons given in Appendix B and Appendix C, as well as in the next paragraph, we believe that a multiplier of 1.36 is, in fact, a conservative estimate.

The size of the multiplier is dependent on the size of the leakages throughout the rounds of spending. Short of building a complex model of the local economy, we must rely on average relationships among the different sectors of the economy. For example, as part of the calculation of the multiplier in Appendix B, the ratio of additional goods produced in San Francisco to the total additional goods purchased must be calculated; as shown there, based on the average relationship observed, approximately sixty-four percent of additional spending in San Francisco leads to production of goods in San Francisco. There is some evidence, however, that the NPAO is somewhat atypical of this pattern. As cited in the chapter, **Economic Profile,** eighty-two percent of the expenditures made by NPAO were made within San Francisco; further, more than seventy percent of the employees of the NPAO lived in San Francisco.4 These pieces of data suggest that the leakage at the second round of the multiplier process might be smaller for NPAO spending than for spending of the average sector of the San Francisco economy. If this were so, the multiplier for NPAO spending would be somewhat larger than the multiplier for the San Francisco economy at large.

The Economic Impact of the Non-Profit Arts Organizations

The aggregate economic impact of the NPAO is the sum of the initial impact and the secondary impact. From Table 3, the initial impact is estimated to be between $153.5 million and $176.5 million. As shown in Table 4, we can calculate the total economic impact through the multiplication of the initial impact and the multiplier (1.36). The secondary impact is merely the aggregate impact minus the initial impact. The estimated aggregate economic impact of the NPAO is shown in Table 4.

TABLE 4
Aggregate Economic Impact of the NPAO, 1985

	($ million) Amount
Initial Impact	$153.5 - $176.5
econdary Impact	$55.3 - $63.5
Aggregate Economic Impact (Multiplier of 1.36 x Initial Impact)	**$208.8 - $240.0**

When the secondary economic impacts which are induced by the initial impact of the NPAO are taken into account, **we estimate that the aggregate economic impact of the NPAO on the economy of the city of San Francisco is between $208 million and $240 million.**

The Effect of NPAO on Employment in San Francisco

In the previous sections when we measured the impact of NPAO on the city of San Francisco's economy, we used the dollar value of output as our standard. We can also discuss the role of NPAO in terms of employment levels. Based on the survey responses, 6,547 people were employed by the NPAO; the full-time equivalent number of jobs equalled 3,473.5 As in the output case discussed above, the level of employment within the NPAO itself understates the impact of the NPAO on the San Francisco economy for two reasons: there is an indirect effect on the ancillary sector, and there is a secondary effect of the combined NPAO and ancillary sectors. In Appendix D a thorough presentation of the techniques used to estimate the aggregate impact of the NPAO's on employment is presented. As shown there, there are approximately 6,000 full-time equivalent jobs directly related to the presence of the NPAO in the city of San Francisco. When we take into account the existence of part-time jobs within the NPAO, this employment impact rises to approximately 9,000 jobs, both full-time and part-time.

Summary

The non-profit arts organizations are usually thought of in terms of their role in the cultural makeup of San Francisco. What is often not considered is the role in the local economy played by these organizations. The NPAO produce artistic output which is of considerable value to the consumers of those services. Along with this artistic output, there is a significant amount of related goods and services which are purchased by patrons of the arts. However, the economic impact of the arts does not end with these initial effects. Through the multiplier process, additional expenditures (production) can be linked to these initial arts expenditures. As shown in Table 4, we estimate that the total economic impact of the NPAO in 1985 is well over $200 million. In addition, the arts organizations employ over 6,500 people (3400 full-time equivalent); when the indirect and secondary effects are taken into account, it is reasonable to conclude that an additional 2,500 jobs are due to arts-related expenditures.

FOOTNOTES

1. Since there are many different types of activities (e.g., performances, exhibits, parades, etc.) which are included in the non-profit arts organizations, we will use the general term, artistic output when referring to the services produced by the NPAO.

2. Most of the economics literature on sub-national economies refer to "local economy"; since in this case the subject of the study is the city of San Francisco, we will use the terms local economy and economy of the city of San Francisco interchangeably.

3. See Chapter 1, Economic Profiles, footnotes 22 and 23.

4. The percentage of expenditures made in San Francisco by NPAO was calculated from data presented in Economic Profiles (footnotes 12 and 14) and the raw data from the survey. The percentage of workers who live in San Francisco is taken from the survey results.

5. Economic Profiles, footnotes 15 and 16. APPENDIX A

APPENDIX A
Ancillary Expenditures

The estimates for ancillary expenditures as shown in Table 2 are based on the data reported in the chapter,"A Demographic and Economic Profile of San Francisco's Nonprofit Arts Audience" (referred to as Audience Profile).

Food and Drink Expenditures. The amount for tourists, $85 per person is taken from Table III in Audience Profile. The lower amount for visitors, $17.25, is calculated as the weighted average of expenditures based on the percentage of the audience from low, medium and high income groups (30%, 40%, and 30%) and the amounts spent by a person in each of these groups ($7.50, $15.00, and $30.00). It is assumed that those residents who do make ancillary expenditures have similar expenditures as visitors.

Transportation Expenditures. The expenditures made by tourists are included in the $85 daily expenditure. For visitors and residents, the per person amount is taken from Table III in Audience Profile.

Number of People.

Tourists are overnight visitors to San Francisco. In Audience Profile it was estimated that a minimum off 400,000 tourists attended NPAO events and performances. Using a very conservative approach, it was estimated in that chapter that 50% of the tourists who did attend NPAO events came to San Francisco primarily to attend the performances/exhibits. Thus, the base used for the tourist expenditures is 200,000. In the case of the tourists, ancillary expenditures are made by each of the members of the audience.

Visitors are non-San Francisco residents who come to the NPAO performance or exhibit for the day or evening. In Audience Profile it was estimated that the total number of visitors attending NPAO events was 2,250,000; based on survey information and data from other cities, sixty percent of the total visitors (1,350,000) are assumed to make food and drink expenditures. The estimates for transportation expenditures were developed as a weighted average for the entire visitor population; hence, the number of visitors making transportation expenditures in Table 2 is 2,250,000.

The **resident** part of the audience is comprised of San Francisco residents. As discussed in the text, only those expenditures which are related directly to the NPAO events should be included as ancillary expenditures. Without exhaustive survey data, it would be difficult to predict accurately the percentage of NPAO attenders who would not have otherwise gone out for the day/evening and made the ancillary purchases. Realizing that some percentage of the resident patrons do fit this characterization and attempting to be very conservative in our estimates, we use a ten percent of the resident patrons as our base for the ancillary expenditures. In other words, we assume that only one out of ten resident patrons who attends an NPAO event is making ancillary expenditures which would not have been made had they not attended the NPAO event.

APPENDIX B

Estimation of the Local Economy Multiplier

The "local" impact multiplier measures the change in the demand for local production in the city of San Francisco which results from a change in some "outside" force. For our example, the outside force is the expenditures made by the NPAO. The level of these expenditures (purchases) by the NPAO is matched by an increase in income for those individuals/firms producing the goods and services being purchased.

This increase in income will encourage increased spending on the part of the recipients of the income; the crucial step in the multiplier analysis is to estimate the amount of increased spending which will result per dollar of increased income. In this case, we are interested only in the increased spending which takes place for goods and services produced in San Francisco.

If we define **c** as the percentage of each dollar of income which is used to purchase goods and services produced in San Francisco (or, the marginal propensity to purchase "local" goods and services), the local impact multiplier (k), has a value:

$$k = 1/(1-c)$$

Determining the Marginal Propensity to Purchase
"Local" Goods and Services

Before income which is being produced in the local sector will lead to additional spending, several steps must be taken. We can determine the value of c by analyzing these steps.

1. From Income Produced to Disposable Personal Income

When there is additional income produced, only part of that income is spendable, the rest of the income "leaks" out of the spending stream, with part of it being retained by business and part of it being paid in taxes.

2. From Disposable Personal Income to Consumption

Out of the amount of disposable personal income, individuals either purchase goods and services (consume) or do not purchase goods and services (save). Only the amount of additional consumption expenditures will lead to additional demand for goods and services.

3. From Total Consumption to Purchase of Goods in San Francisco

Once the total amount of consumption expenditures has been determined, we must realize that only some of that expenditure will actually be made in San Francisco. Residents of the city are more likely to purchase within the city than non-residents, so we must take into account the percentage of people who live in the city as well as the percentage of the people who work in the city as well as the percentage of their spending which is done within the city. We also must consider that some of the increased income will be received by non-residents; while we would expect that most of their spending will take place outside of San Francisco, some of their income might be spent within the city.

4. From purchase of Goods in San Francisco to Production of Goods in San Francisco

At this stage, we estimate the percentage of the goods purchased in San Francisco which are actually produced there. This stage takes into account that some part of the goods sold in San Francisco are actually produced outside of the city.

The process of determining the value of **c** can be summarized as follows:

$$\mathbf{c} = \frac{\Delta \text{ Production of goods \& services in SF}}{\Delta \text{ income produced}}$$

$$= \frac{\Delta \text{ disposable income}}{\Delta \text{ income produced}} \times \frac{\Delta \text{ consumption}}{\Delta \text{ disposable income}}$$

$$\times \frac{\Delta \text{spending in San Francisco}}{\Delta \text{consumption}} \times \frac{\Delta \text{production of goods and services in S F}}{\Delta \text{spending in San Francisco}}$$

Based on reasonable estimates for these four relationships, we can calculate c as follows:

$$\mathbf{c = (.67)x(.90)x(.69)x(.64) = .27}$$

This value of c = 0.27, implies a multiplier = 1.36

Note: The process discussed here follows that outlined in the Economic Practices Manual. The estimate of 1.36 is taken from that source.

State of California. Office of Planning and Research. Economic Practices Manual. (Sacramento, 1984). pp. 47- 47.12

APPENDIX C
Alternative Estimates of the Local Multiplier

In this appendix, we examine some of the work that has been done in estimating the size of the multipliers. The size of the multiplier depends very much on the propensity of an area to use imported goods; in the extreme, if all of the goods consumed in area are produced outside the area, then an increase in income within the local area would not lead to any further production in the area, and the local multiplier would be 1.0. In Table C-1, the size of the various multipliers are shown; each study is summarized and the source given in the text following the table. As can be seen in the table, there is quite a range for the estimates; however, the estimate we have used in this report (1.35) is certainly within the range shown.

TABLE C-1
Comparison of Estimated Income Multipliers

Area Studied	Period	Study	Multiplier
United States	1951-65	Hickman and Coen	2.25
Philadelphia	1985	Summers and Luce	2.04
Vancouver	1971	Davis	1.49 - 1.69
Washington State	1967	Borque	1.35
Edinburgh	1976	Vaughan	.35
Kentucky	1973	Block	
State			1.18 - 1.27
Impact Area			1.07 - 1.17
Detroit	1971	Mattila	1.25 - 1.80

Sources: See Below

National Economy

Based on an econometric model of the United States it has been estimated that for each one dollar change in spending, a change in GNP of 2.25 would result, thus, implying a GNP multiplier of 2.25. Bert G. Hickman and Robert M. Coen, An Annual Growth Model of the U.S. Economy as cited in Robert Gordon. Macroeconomics. (Boston: Little-Brown, 1984), p. 534.

Local Economies

1. Philadelphia

In a very thorough study of the Philadelphia Metropolitan Area, Summers and Luce estimate multipliers for major sectors of the metropolitan economy. The estimates are made from a detailed input-output model of the Philadelphia economy. The output multiplier for the Miscellaneous Services sector (which includes the non-profit sector) is 2.04. The employ- ment multipliers are given in Table 3.13 of the book; the output multipliers are unpublished but were provided by one of the authors. Anita A. Summers and Thomas F. Luce. Economic Report on the Philadelphia Metropolitan Area 1985. (Philadelphia: University of Pennsylvania Press, 1985).

2. Vancouver

An input-output model for 18 sectors of the Vancouver economy was developed in 1971. Fifteen of the eighteen sectors have multipliers between 1.49 and 1.69. The multi- plier for the "other services" sector is 1.61. H.C. Davis, An Interindustry Study of the Metropolitan Vancouver Economy, cited in Michael Goldberg and Peter Chinloy, Urban Land Economics. (New York: John Wiley & Sons, 1984).

3. Washington (State)

An input-output model for the state of Washington established income multipliers for 27 different sectors in the local economy. The multiplier for the "services" sector was 1.35. Philip J. Bourque, "An Input-Output Analysis of Economic Change in Washington State," University of Washington Business Review, Summer 1971., pp. 5-22.

4. Edinburgh

In 1976, Vaughan examined the economic impact of the Edinburgh (Scotland) Festival. This festival is actually four autonomous annual festivals taking place simultaneously during August and September. Vaughan estimated an income multiplier of 1.35. David Roger Vaughan, "Does a Festival Pay?", in William S. Hendon et al. (ed.), Economic Policy for the Arts. (Cambridge, Mass: Abt Books, 1980).

5. Kentucky

Block used an input-output model to estimate the impact of community development activities. He studied a ten county region in the rural area of Kentucky. He determined multi- pliers for both the ten-county "impact" area and the state as a whole. The multipliers for various service sectors ranged from 1.07 to 1.17 (impact area) and from 1.18 to 1.27 (state). A. Harvey Block. **Impact Analyses and Local Area Planning: An Input/Output Study**. (Cambridge, Mass: Center for Community Economic Development, 1977).

6. Detroit

Using an export-base approach, Mattila estimated impact multipliers for five export sectors of the Detroit economy. The multipliers ranged in size from 1.253 to 1.796. John M. Mattila, "A Metropolitan Income Determination Model and the Estimation of Metropolitan Income Multipliers," Journal of Regional Science, vol. 15, no. 1, 1973, pp. 1-15.

Our estimate of a local impact multiplier of 1.36 for the city of San Francisco appears to be consistent with the estimates reviewed above. Our estimate is lower than all of the estimates cited; however, in each of the cases cited, the local area was defined as a metropolitan area, or larger. Evidence from the Block study (Kentucky) shows that the multiplier becomes larger when a larger geographical area is used. In the case of San Francisco, with the relatively small size of the city itself within the entire metropolitan area (compared to most metro- politan areas in the U.S.), it would be expected that the city-based multiplier would be quite a bit smaller than the multiplier for the entire metropolitan area. In terms of types of activities, the Edinburgh study is closest to the NPAO and in that study, the multiplier was estimated to be 1.35.

APPENDIX D
Estimate of Employment Impact

Introduction

The actual levels of employment in NPAO (based on our survey) are shown in Table D-1.

TABLE D-1
Employment in NPAO, 1985

Actual Employment	
Full-time	1,960
Part-time	4,587
Actual Total	6,547
Full-Time Equivalent (FTE)	**3,473**

Source: Economic Profile.

Just as in the case of output which is discussed in the text and in Appendices B and C, the aggregate effect of NPAO on employment will be larger than the initial effect; that is, there is a multiplier for employment. Again, as in the output case, the initial impact sector on which the multiplier is based is the combination of the NPAO and the ancillary sector. The study of the Philadelphia metropolitan area referred to in Appendix C provides estimates of employment multipliers by major sectors; the multipliers for the Miscellaneous Services sector (of which the non-profit sector is a part) are shown in Table D-2.

Table D-2
Estimates of Employment Multipliers

Sector	Total Employment Change Per Change of 1 in Sector Employment	Total Employment Change per Change of $100,000 in Sector Output
Miscellaneous Services	1.42	3.69

Source: Letter from Thomas Luce, Associate Director, Wharton Philadelphia Economic Monitoring Project. March 31, 1986

As can be seen from the information in Table D-2, there are two approaches for estimating the aggregate impact on employment: using employment in the base sector, or using output in the base sector. In each case, the first step is to develop data on the "base" sectors (NPAO and ancillary). In the following sections we will use each of the two approaches to estimate the aggregate employment impacts.

Employment in the Base Sector

There are two parts to the "base" sector: the NPAO and the ancillary sector. While we have data on the NPAO from the survey, we do not have data on employment in the ancillary sector. We do know, however, the amount of output in the ancillary sector. One possibility is to assume that the same ratio which exists between the amount of output and employment in the NPAO also exists in the ancillary sector; by applying that ratio to the ancillary sector, we can estimate the employment level. These calculations are made and shown in Table D-3.

TABLE D-3
Estimates of Employment in Ancillary Sector

Sector	(million) Amount of Output	Level of Employment	Output/ Employment
NPAO	$ 88.3	3,473	$25,338
Ancillary	$57.2 - $80.2	2,257 - 3,165	$25,338
Total		**5,730 - 6,638**	

Source: Amount of Output from Table 3 in text.
Employment: NPAO from Table D-1.
Ancillary estimated by applying NPAO output/employment ratio to amount of output in ancillary.

Using an employment multiplier of 1.42, this approach would lead to an estimate of 8,136 to 9,425 full time equivalent jobs resulting from the presence of the NPAO.

Output in the Base Sector

The employment multiplier for output is 3.69 per $100,000 of output. The total amount of output in the NPAO and ancillary sectors is between $153.5 million and $176.5 million (Table 3 in text). Applying the multiplier to this amount would yield estimated aggregate effect on employment of between 5,664 and 6,513 jobs.

Estimates of Aggregate Employment Impact

Estimates of the aggregate employment impact of the NPAO are shown in Table D-4.

TABLE D-4
Estimate of FTE Employment Impact, Alternative Estimating Techniques

Technique Used	Level of Full-Time Employment
Employment Based	8,136 - 9,425
Output Based	5,664 - 6,513

The estimate using employment as the base yields a much higher range; without more thorough information regarding the makeup of the industries in the "miscellaneous services" sector of the Philadelphia study we can't explain the disparity in the estimates, however, it is possible to put forward a reasonable hypothesis. The NPAO is very labor intensive; if it is more labor intensive than the ancillary sector, then applying the NPAO output/employment ratio to the ancillary sector would overstate the employment in the ancillary sector. If this is so, the total employment used as the base for the multiplier analysis would be overstated. To the extent that this were true, the output based estimate would be a more reliable estimate.

It should be noted that both of the techniques used might overstate the size of the multiplier impact because the multi- plier estimated for Philadelphia is for the metropolitan area; since we are only concerned with the city of San Francisco, the leakages will be larger and the multiplier smaller. As a way of dealing with this potential overstatement, we will use the lower of the two estimates shown in Table D-4. Thus, in our further estimates made below, we will use the output based estimates of between 5,664 and 6,513 employment.

Aggregate Impact on Employment

Using the output based estimates as shown in Table D-4, we can calculate the breakdown of the employment between the NPAO and the other sectors. This breakdown is shown in Table D-5.

TABLE D-5
Estimates of Aggregate Employment Impact, FTE and Actual Employment

Sector	FTE Employment	Actual Employment
NPAO	3,473	6,547
Ancillary, Secondary	2,191 - 3,040	2,191 - 3,040
Total	**5,664 - 6,513**	**8,738 - 9,587**

In the first column of Table D-5, we show the actual FTE number of jobs in NPAO; subtracting that amount from the estimated totals leaves us with an estimate of the FTE employment in the ancillary and secondary sectors. In the second column, we use these estimates for ancillary and secondary and add to them the actual number of jobs reported in our survey for NPAO. Thus, the total in column two would represent the total number of jobs, both full-time and part-time, which result from the presence of NPAO in the city of San Francisco.

ARTS/AMENITIES AND THE LOCATION OF CORPORATE HEADQUARTERS:

The Nonprofit Arts and San Francisco's Advanced Services Economy

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I. EXECUTIVE SUMMARY

The non-profit arts play a key role in defining the quality of a city's amenities environment. Corporate headquarters, all other considerations being equal, are increasingly attracted to cities with strong arts/amenities environments. The presence of corporate headquarters in San Francisco is critical to the maintenance and growth of the city economy generally and to the growth of advanced services in particular.

Both the national and local economies are moving from manufacturing to services. **Advanced services in particular are of growing importance to San Francisco's economy.** Advanced services personnel (those working in management consulting, finance, insurance, real estate, engineering, research and development, etc.) are drawn to areas with a rich arts/amenities environment and statistically make up a significant portion of the non-profit arts audience.

Corporate headquarters locate in cities with out standing arts/amenities in part to take advantage of the advanced services labor force that is drawn there. Our analysis of the arts' effect on corporate headquarters concentration leads us to believe that a positive linkage exists: **all others factors equal, the stronger a city's arts environment, the more corporate headquarters will be located there.**

Strong arts support from both the corporate sector and local government will help attract and retain corporate headquarters and advanced services industries. The result will be a stronger San Francisco economy.

II. INTRODUCTION

In this chapter we establish the grounds in theory and research for crediting San Francisco's non-profit arts environment with contributing to the attraction and retention of the important corporate headquarters and advanced services sector of the City's economy. We do so by:

- establishing the meaning and importance of advanced services to the San Francisco economy;

- articulating the central role corporate headquarters play in the advanced services sector; - and by establishing the positive linkage between the strength of a city's arts environment and corporate headquarters concentration.

To be an economically strong central city /1/ of national and international stature, in today's changing economy, calls for a large and growing number of jobs in the advanced services sector, i.e., professional and technical positions requiring high levels of education and training. The size and growth rate of this sector along with tourism now largely determine the strength and growth rate of San Francisco's economy. Corporate headquarters are the mainspring of a strong advanced services sector. These establishments directly employ large numbers of persons with advanced service skills (e.g., engineers, managers and financial analysts) and indirectly create employment for even larger numbers by contracting for their services with nearby, specialized service firms (e.g., law, accounting, advertising, and banking), many of whom have been pulled in to the City by this business opportunity.

Present research suggests that, as one of several considerations, a central city's arts environment is an increasingly significant factor influencing corporate headquarter location decisions; the stronger the arts environment, all other considerations being equal, the stronger the city's pull on corporate headquarters. Therefore, this discussion focuses on the relationship between the presence of corporate headquarters, as the key and the easiest to measure index of advanced services, and the strength of the city's art s environment.

We also show that this ability to attract corporate headquarters and advanced services firms is an important contribution the arts make to a central city's economy.

There are at least four main aspects of the relationship between the arts environment and corporate headquarters location decisions:

- **The arts/amenities substantially aid corporate headquarters in recruitment** and retention of a professional labor force by creating a desirable "residential ambiance" and adding to a city's "quality of life".

- **A strong a rts/amenities environment is attractive to top corporate executives** whose personal preferences often influence headquarters location decisions.

- **A strong arts and cultural environment increases the opportunity for the informal exchange of "strategic information"** between corporate executives.

- **The presence of a strong arts/amenities environment has a positive impact on worker productivity.**

Corporate headquarters we argue, create important direct and indirect economic benefits for their home cities. A local government wishing to develop policies to strengthen its city's power to attract and hold corporate headquarters must understand what factors draw these headquarters to a particular city. A review of the literature shows that corporate headquarter location decisions are a complex function of many factors, whose relative importance has changed significantly due to the shift in the national economy from manufacturing to services. As a result, urban amenities in general and the arts environment specifically have increased substantially in importance. To understand why and its relevance for S an Francisco requires an understanding of the changing nature of industry in this country and particularly in this city.

III. THE CHANGING ECONOMY: THE RISE OF ADVANCED SERVICES

No longer do the so called smokestack industries dominate the urban economic landscape. As has been widely reported, the nation's economy is in a period of transition from one based primarily on heavy manufacturing to one based primarily on the service and high-tech industries. As Tables 1 and 2 demonstrate, San Francisco, along with the nation, has experienced major shifts in employment by industry. **The most significant change for the City was the rapid rise of finance, insurance and real estate (FIRE) and services while, at th e same time, manufacturing was in decline.**

From 1972-79, FIRE and services grew 30 and 41 percent respectively while manufacturing stagnated (see Table 2). In 1958, FIRE and services accounted for 26% of City employment, whereas by 1979, FIRE and services had risen to 42% (see Table 1). In contrast, i n 1958 manufacturing provided 16% of City employment but by 1979 manufacturing had been reduced to 9%. As Table 1 shows, these local shifts were much more dramatic than the changes occurring in the same industries at the national level.

Although the increased importance of services to the economy has been widely accepted, it is perhaps less well understood that the service sector is a very broad category which includes advertising, information processing, legal services, management consulting, FIRE, as well as transportation, retailing, utilities and consumer services (e.g., hotels and entertainment). Within the broad "services" category, we wish to focus on an important subgroup, "advanced services". This category refers to such activities as business services, FIRE, communications, engineering, legal services, accounting and research and development. Business services also include advertising, management consulting, and information processing. The advanced service sector is directly tied to corporate headquarters activity because it provides essential factors of production without which corporate headquarters could not operate. Commenting on the increasing importance of advanced services to the economy, Thierry Noyelle points out:

> A fundamental feature of the current transformation of American cities lies in this complex shift of people and resources into the development of [relatively] newer or advanced services. Due to the changing economy, the importance of advanced services to large corporations in central cities has grown tremendously, reflecting the need of large business organizations to devote greater resources to research and development, to the planning of the different phases of the product cycle, to engineering, branding, customizing and styling, and to the management of the corporate institution's growing complexity (Noyelle, 1983:282).

To produce the advanced service outputs described by Noyelle requires a highly educated and professional labor force. This labor force produces work which is, "aimed at both complementing production work (e.g., engineering, drafting and testing) and managing, planning and developing manufacturing resources (e.g., accounting, inventory control, research and development and finance)" (Noyelle, 1983:280-281). Advanced service producing personnel are found in growing numbers inside the international, national and regional corporate headquarters for both the manufacturing and service industries, as well as clustered nearby in the independent, specialized business services sector.

TABLE 1: PERCENT DISTRIBUTION OF NONAGRICULTURAL WAGE AND SALARY WORKERS BY INDUSTRY, San Francisco City and County, San Francisco-Oakland SMSA*, and U.S.

Industry	1958 S.F.	1958 SMSA	1958 U.S.	1965 S.F.	1965 SMSA	1965 U.S.	1972 S.F.	1972 SMSA	1972 U.S.	1979 S.F.	1979 SMSA	1979 U.S.
Manufacturing	15.8	20.1	31.1	13.2	18.4	29.7	10.6	14.8	26	9.2	13.5	23.4
Transportation, communications and public utilities	12.8	11.5	7.7	11.9	10.2	6.6	11.7	10.2	6.2	9.3	8.2	5.7
Wholesale trade	11.1	7.9	5.8	9.6	7.1	5.7	7.9	6.6	5.6	7.1	6.6	5.8
Retail trade	12.8	14.1	15.1	12.2	14.5	15.2	11.5	15.0	16.1	12.3	16.6	16.8
Finance, insurance real estate	10.2	6.8	4.8	12.0	7.3	4.9	14.1	8.2	5.3	15.6	9.2	5.5
Services	15.7	13.7	13.2	18.7	16.1	14.9	21.5	18.8	16.7	25.9	21.9	19.0
Government	17.0	18.2	15.3	18.3	20.0	16.6	18.8	21.7	18.1	16.7	18.9	17.7
Nonagricultural wage and salary workers	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: State of California Health and Welfare Agency, "Wage and Salary Employment by Industry: San Francisco-Oakland Metropolitan Area, 1972-1979," San Francisco, 1979; U.S. Department of Labor, Bureau of Labor Statistics, Employment and Earnings, May 1981.

* The San Francisco - Oakland Standard Metropolitan Statistical Area (SMSA) includes Alameda, Contra Costa, San Francisco, San Mateo and Marin Counties.

TABLE 2: PERCENT CHANGE IN ESTIMATED NONAGRICULTURAL WAGE AND SALARY WORKERS BY INDUSTRY
San Francisco City and County, San Francisco-Oakland SMSA, and United States

Industry	Percent Change 1958-65			Percent Change 1965-72			Percent Change 1972-79		
	S.F.	SMSA	U.S.	S.F.	SMSA	U.S.	S.F.	SMSA	U.S.
Nonagricultural wage and salary workers	5.4	19.2	18.4	5.6	15.9	21.2	16.4	21.3	22.0
Manufacturing	-11.9	5.1	13.3	-15.2	-6.8	6.0	0.0	11.1	10.0
Transportation, communications and public utilities	-2.2	5.2	1.5	4.2	15.9	12.5	-7.5	0.0	13.2
Wholesale trade	-9.0	7.5	16.3	-13.2	7.5	18.7	4.1	20.3	26.5
Retail trade	0.9	22.8	19.0	-1.7	20.0	28.0	22.5	34.5	27.3
Finance, insurance, and real estate	22.4	28.4	20.0	23.6	30.0	31.3	30.4	39.1	27.3
Services	25.2	40.7	33.6	22.3	34.5	35.9	41.1	41.1	39.1
Government	13.7	31.1	28.5	9.1	25.4	32.4	4.1	5.3	19.4

Source: Derived from State of California, "Estimated Nonagricultural Wage and Salary and Agricultural Employment: San Francisco-Oakland SMSA County Series, 1958-1974," San Francisco, 1974; State of California Health and Welfare Agency, "Wage and Salary Employment by Industry: San Francisco City and County, 1972-1979," San Francisco, 1980; State of California Health and Welfare Agency, "Wage and Salary Employment by Industry: San Francisco-Oakland Metropolitan Area, 1972-1979," San Francisco, 1979; U.S. Department of Labor, Bureau of Labor Statistics, Employment and Earnings, May 1981.

In San Francisco's economy the move toward advanced services has been particularly strong. It is difficult, however, to provide absolute numbers for advanced services employment in the City because the statistics compiled by the State of California's Employment Development Department (EDD) do not include a specific category called advanced services. The best approximation of advanced services' employment impact must come from looking at four categories for which statistics are available. There four categories are business services, FIRE, legal services an d engineering/accounting. By using only these categories as an indication of advanced services employment in San Francisco, we will almost certainly be understating the total employment attributable to this sector. However, because business services and FIRE are the core elements of advanced services employment, the larger patterns of employment growth and importance to the City 's economy are clearly evident.

In 1972, San Francisco had 20,100 people working in the business services sector. By 1984 that figure had more than doubled to 45,900 (see Table 3). The EDD forecasts that by 1987, 52,000 people will be employed in business services. Forecasting from December 1985 to December 1987, the EDD predicts that the service industry will experience the most growth and within services, business services will experience the greatest growth, adding over half of the new jobs created in services. Significant growth has also occurred in FIRE. From 1972 to 1984, employment rose from 63,500 to 83,800 or an increase of 32%. By contrast, during the same period manufacturing declined by 11%.

By 1984 advanced services accounted for 30% of the employment in the City's major industries. The industries the EDD used for analysis were manufacturing, transportation, public utilities, wholesale and retail trade, FIRE, services, government, mining and construction and agriculture.

Because the service sector is the major user of downtown office space, the growth in advanced services was accompanied by substantial increases in commercial construction. For example, from 1981 to 1985 available office space increased by 11.5 million square feet. It is also significant that as of December 1985, San Francisco had the greatest total amount of office space (51 million square feet) and the lowest vacancy rate (12%) of the Bay Area counties (see Table 4)

TABLE 3: SAN FRANCISCO WAGE AND SALARY EMPLOYMENT

Industry	1972	1976	1980	1984	Projected 1987
Business services	20,100	27,300	41,000	45,900	52,000
Legal Services	Unk.	Unk.	10,300	13,700	16,000
Engineering/ Accounding	Unk.	Unk.	23,600	23,600	Unk.
FIRE	63,500	70,400	87,30	83,800	78,800
TOTAL (Advanced Services)	83,600	97,700	162,200	167,000	Unk.
Manufacturing	48,600	46,700	50,200	43,300	41,700

Source: State of California, Employment Development Department, Employment Data and Research, 1986-1987.

Advanced services have experienced strong growth not only in San Francisco but in the SMSA as well. However, the hub of advanced services activity is the City and County of San Francisco. Table 5 summarizes the employment by selected industry from 1972 to 1984 for the five counties which make up the San Francisco-Oakland SMSA. In 1984, 109,300 workers were employed in th e SMSA in business services; of that number 45,900 or about 42% were employed i n San Francisco. Employment in FIRE accounted for 174,100 jobs; 83,800 of those jobs or about 48% were located in San Francisco.

TABLE 4: OFFICE SPACE IN SELECTED BAY AREA METROPOLITAN COUNTIES, December 1985 (Millions of Square Feet)

Region/County	Total Stock December 1985	Average Yearly Increase 1981-85	Average Absorption 1981-85	Vacancy rate December 1985	Space Vacant December 1985
San Francisco Bay Area	121	10.8	7.3	17%	20.1
Alameda/Contra Costa					
I-680 Corridor	18	2.5	1.9	20%	3.4
Alameda (Remainder)	20	2.2	1.4	23%	4.5
San Francisco	51	2.3	1.2	12%	6.2
San Mateo	13	1.3	1.0	15%	1.9
Santa Clara	19	2.5	1.8	21%	4.1

Source: Center for Real Estate and Urban Economics estimates using data from Coldwell Banker in Oakland, Walnut Creek; Cushman & Wakefield in San Francisco; Grubb & Ellis in San Jose; and the San Mateo County Economic Development Association.

TABLE 5: SERVICE AND FIRE EMPLOYMENT IN THE SAN FRANCISCO/OAKLAND SMSA

County	Industry	1972	1976	1980	1984
S.F.	Business services	20,100	27,300	41,000	45,900
	FIRE	63,500	70,400	87,300	83,800
	Mfg.	48,600	46,700	50,200	43,300
Alameda	Business services	13,100	14,900	21,000	29,800
	FIRE	19,800	22,800	25,100	29,000
	Mfg.	79,000	80,700	82,400	75,200
Contra Costa	Business Services	4,300	5,400	9,200	11,200
	FIRE	5,400	7,100	12,200	33,200
	Mfg.	25,000	26,000	27,900	28,600
San Mateo	Business Services	5,200	7,400	12,500	17,300
	FIRE	9,300	11,400	16,800	18,300
	Mfg.	29,000	30,000	36,900	34,000
Marin	Business Services	1,700	2,100	3,500	5,100
	FIRE	2,800	4,900	7,800	9,800
	Mfg.	2,700	3,000	4,800	6,200

SOURCE: California Employment Development Department, Employment Data and Research, 1986-1987.

Using FIRE and business services as a proxy for the impact of advanced services employment in the SMSA, it is obvious that advanced services are very highly concentrated in San Francisco. This is especially true considering that the City and County of San Francisco account for only about 21% of the SMSA's total population.

The employment figures for San Francisco, the SMSA and the Nation show clearly that a major shift toward services is occurring in the economy. For the SMSA and the City, that shift is being led by a strong increase in advanced serv ices and according to the California EED forecasts, advanced services will be increasingly important to San Francisco's economy in the future.

IV. EXAMINING CORPORATE HEADQUARTERS LOCATION DECISION FACTORS

How do corporate headquarters, which rely on advanced service personnel, differ in their location needs from those of traditional manufacturing firms? What are the basic location decision determinants? And most importantly, what role do arts/amenities play in attracting corporate headquarters and business service firms which both produce and consume advanced services? We turn now to these questions.

Basically, **corporations are attracted to a business environment which helps them to maximize profits.** Summers and Luce identify **nine major factors which define the quality of an area's business environment.** Those factors are: **living costs, amenities, unionization, taxes, labor costs, venture capital availability, infrastructure condition, office space costs and state government economic development efforts** (Summers and Luce, 1985:47). It is assumed that in general, businesses make their location decisions based primarily on these factors.

Traditionally, location theory emphasized the importance of locating near raw materials and/or markets in an effort to reduce transportation costs. Advances in transportation technology and increases in product value, however, have greatly reduced the importance of this location determinant. The cost reduction concept was later expanded to include an analysis of taxes, unionization, office space and other costs which may vary from city to city. Again with the passage of time the interurban differences in these cost factors have been substantially reduced (Davis, Garn et al, 1980:87). Most importantly in the case of headquarters location, until the 1950's emphasis was given to the location needs of closely integrated non-divisional manufacturing firms.

Now, however, the **corporate structure is increasingly dominated by very large multi-national and national multi-divisional firms** which depend less on heavy manufacturing, and more on the production of products of advanced technology and services. The headquarters of these firms are called upon to manage and coordinate diverse business activities widely distributed nationally and internationally; a task made possible by dramatic developments in communications, management systems and information processing technology. Because of their special attributes, the headquarters of modern, large corporations have particular needs they must fill and costs which they seek to minimize.

In contrast to earlier considerations, they are much freer to locate independent of concerns about raw materials and consumer market locations and are far more concerned with other factors, notably the inability to recruit advanced services personnel and contract for business services. As a result, **traditional location theory no longer adequately explains the current location trends for corporate headquarters.**

ARTS/AMENITIES DEFINED

Both theory and empirical evidence suggest that amenities are an increasingly significant corporate headquarters attraction factor. As a location decision factor, amenities refer to many aspects of the quality of an urban environment. The Summers and Luce study on the economy of the Philadephia Metropolitan area relied on Richard Boyer, author of Rand McNally's Places Rated Almanac, for a definition and rating of amenities. This study makes use of Boyer's definition as well. The amenities variable, as used by Summers and Luce, consists of seven elements: Climate/Terrain, Health Care/Environment, Crime, Arts, Transportation, Education and Recreation.

Of these elements Climate/Terrain is a "given" while the others can be changed over time. Boyer measured Recreation by the availability of a variety of facility types (restaurants, movie theatres, professional sports, parks, and inland waterways among others). Arts activity was measured by analyzing the quantity and quality of nine types of institutions: museums, fine arts and public radio, public TV, universities, symphony orchestras, theatres, opera companies, dance companies and public libraries. The study focused only on non-profit arts organizations.

The evaluation of a city's arts environment was based on a point system. Starting from zero each city was given points for t he supply of a given type of arts organization (e.g., symphony orchestra) as well as for "ease of access." In most cases organizations were chosen for inclusion from lists compiled by national associations within each discipline. Supply is a fairly straightforward measure of quantity while ease of access is meant to measure "use potential" and is a rough measure of the quality of service. No attempt was made to assess the relative artistic merits of, for instance, a dance company in one city to a dance company in another city; however, comparisons were made regarding size, frequency of performance and other variables. There was also a bonus point system which awarded access points to cities that were located near other cities which have outstanding cultural facilities.

Because San Francisco is the cultural center of the Bay Area, the number of access points awarded it was relatively low, whereas San Jose, Oakland, Santa Cruz and others benefited substantially by being located in close proximity to San Francisco's cultural facilities. We will discuss San Francisco's ranking for arts and amenities, as measured by Places Rated Almanac in a later section. However, first we will examine some of the more important theories that link the arts and amenities environment to corporate headquarter location decisions.

VI. ARTS/AMENITIES: SOME LINKS TO CORPORATE HEADQUARTER LOCATION DECISIONS

New corporate headquarters location theories have focused on a city's "residential ambience" as an increasingly significant location decision variable (Davis, Garn et al, 1980:84). Residential ambience can be defined as the sum of the qualities that make a particular area a desirable one in which to live. The principal fact or which determines a city's residential ambience is the quality of its amenities, and a significant specific amenity is the arts environment.

Current theory suggests that the arts, by helping provide an environment attractive to a highly educated and professional labor force, can play an increasingly important role in determining a city's competitive advantage in the advanced service economy. According to Harry Richardson:

A city's growth potential depends on whether it contains or can attract the resources (highly skilled manpower, managerial talent, research and development facilities, capital market access, specialized business services, etc.) that are capable of luring the new and growing footloose firm. Urban growth depends [on] the city's relative)locational advantages which in the context of modern location theory are based on the supply of human resources and specialist services offered...(Richardson, 1971:94-95)

Evidence of the importance of the arts to advanced services personnel in the Bay Area can be found in the profile of San Francisco's arts audience in Chapter 2. Forty-three per cent of San Francisco's arts audience is employed in a professional or managerial position and 45% hold graduate degrees. Further, the advanced services segment of the labor force is seen as extremely mobile. Members of this group make their own location decisions based substantially on amenities considerations, of which the arts environment is a major component. Thus, a city's ability to attract an appropriate labor supply for advanced service firms and corporate headquarters is a positive function of its residential ambience. Consequently, a corporate headquarters which uses and produces advanced services finds it easier to attract and hold the necessary qualified personnel if it is located in a high arts/amenities area.

In traditional terms, locating in high amenity areas is an attempt by corporations and business service firms to place themselves near a critical 'raw material', i.e., a qualified labor supply.

Support for this theory can be found in a recent survey of corporate headquarters location decisions. Of 25 possible factors for relocating a corporate headquarters, four out of the six which were cited as of high importance were amenity related and two were directly related to the arts. These factors were: cultural attractions, entertainment, universities, and environmental quality (Davis, Garn et al, 1980). These factors show that corporations are concerned with choosing a site for their headquarters which will have the residential ambience necessary to attract and hold a high quality labor force. The fact that two of the four factors were arts related shows the importance of the arts in creating that ambience.

Another linkage between the arts/amenities and corporate headquarter location decisions concerns the personal preferences of firm decision maker s, e.g., the Chief Executive Officer (CEO) (Davis, Garn et al, 1980:89). Economic conditions, it is theorized, may establish a region in which a location will be considered, "while personal factors operate at a secondary level in the decision making process narrowing down the choice to a few communities or perhaps to a single location" (Smith, 1971:90-91).

Recent Fortune Magazine surveys, "Why Corporate America Moves Where" (conducted in 1976 and 1981), reinforce this hypothesis. Fortune asked the CEO's of the top 1000 corporations in America (from their Industrial and Service 500 lists for the previous years) to rank 27 factors which could influence corporate headquarter location decisions. These 27 factor s ranged from "proximity to other businesses" to "availability of labor force" t o "taxes on business and industry." Fortune found that "quality of life for employees" and "personal preferences of company executives" were the two most important factors to corporations which had relocated their corporate headquarters during the past five years and also for those planning to relocate their headquarters in the next five years. Other high ranking factors were the "availability of technical or professional workers" and "efficient transportation facilities for people" (Fortune 1981:23).

As previously mentioned, modern corporations have increasingly adopted the multi-divisional form, which allows the corporate headquarters to be located separate from production and distribution facilities.

Modern corporate headquarters are primarily engaged in the "acquisition and processing of information required for the formulation and implementation of strategic decisions" (Palmer and Friedland, 1985:13). Consequently corporate headquarters must in part make their location decisions based on the avail ability of strategic information and the needed skills to utilize that information. Research shows that the central city of major metropolitan areas is where strategic information and the necessary analytical capacity are most readily available (Burns and Pang, 1977:533).

Corporate headquarters generate strategic information internally and acquire it both formally and informally. Strategic information is acquired formally by a market transaction from specialized business service firms or financial institutions (Palmer and Friedland, 1985:15). These business service firms tend to locate in central city business districts to be in close proximity to potential clients. In addition, strategic information is acquired informally, "from the managers and directors of other firms headquartered in the same city, because these corporate elites live in the same neighborhood s, sit on the same boards, and belong to the same social clubs, cultural institutions and quasi-public policy-making groups" (Palmer and Friedland, 1985:15). Being located in an arts/amenities rich environment facilitates this type of exchange.

Arts/amenities are also linked to other factors that influence corporate headquarter location decisions. All firms are concerned with worker productivity. Some research reports that amenities must exist in sufficient supply or worker productivity is impaired (Stanback and Knight, 1970:230). For advanced services employees the quality of the arts environment is an amenity that plays a significant role in creating an attractive "quality of life." **The authors find that the promise of a job is not enough; the quality of life which accompanies it must be competitive with other job opportunities.** Further, as skill requirement s rise, businesses have to give more consideration to worker satisfaction, not only to attract and retain desired personnel, but also to increase their productivity.

A. Arts/Amenities and Corporate Headquarters: The Record in San Francisco

So far our analysis has shown that the arts/amenities environment has become an increasingly important factor in attracting corporate headquarters to a given city. We have also shown that advanced services, for which the presence of corporate headquarters serves as the best indicator, have become increasingly important in the San Francisco's economy.

Given these two facts, we would expect the quality of San Francisco's arts/amenities to have a strong impact on its competitive advantage for attracting and holding advanced services employment.

San Francisco offers an impressive array of amenities. For 1985 , Summers and Luce (based on Boyer's data) ranked San Francisco first in the nation among the 20 largest U.S. cities for amenities. This top ranking was achieved in large measure through number one rankings in the Climate/Terrain (first), Recreation (first), Transportation (fourth) and Arts (seventh) elements.

Using data for the 20 largest cities from both the Summers and Luce study and Rand McNally's Places Rated Almanac, we conducted statistical analyses of the relationship between arts/amenities and corporate headquarters locations. Our first step was to correlate city scores on each of the amenities (Arts, Climate/Terrain, Transportation, Recreation, Health Care/Environment, Low Crime and Education) with (1) the City's total number of corporate headquarters (manufacturing and services combined), and (2) the number of service corporate headquarters only. The correlation results are reported in Table 6 (next page).

Correlation coefficient s measure the strength of association between two variables. The two variables in this case are the amenities index score and the number of corporate headquarters. The coefficients can range in value from -1.0 (a perfect inverse correlation in which one variable rises in value when the other falls) to +1.0 (a perfect positive correlation in which the two variables rise or fall together). Coefficients near zero denote a non-correlation./2/

As shown in Table 6, of all the amenities, the Arts index was most strongly and positively correlated with the number of corporate headquarters in a city. This relationship can be visualized in the form of a scatterplot showing that a city's total number of corporate head quarters tends to rise with higher scores on the Arts index (see Figure 1, next page). Two other amenities, Health Care/Environment and Low Crime, are moderately correlated with number of headquarters. The remaining amenities show no statistically significant linkage with the headquarters variable./3/ From these findings we generalize that the more attractive a city's arts environment and the higher its Arts index, the greater the number of corporate headquarters located in that city, everything else the same.

TABLE 6: COEFFICIENTS OF CORRELATION BETWEEN AMENITY SCORE AND THE NUMBER OF CORPORATE HEADQUARTERS IN 20 LARGEST U.S. CITIES[a]

	Number of Corporate Headquarters	
Amenity	Services Only	Total
Arts	.91*	.92*
Climate/Terrain	-.15	-.23
Transportation	.26	.33
Recreation	.30	.24
Health/Environ.	.75*	.78*
Low Crime	.74*	.63*
Education	-.21	-.21

* p less than .05.

a Entries are Pearson product correlation coefficients. The 20 cities are Boston, Philadelphia, Chicago, Pittsburgh, Washington, D.C., New York City, Nassau, Cleveland, Los Angeles, Baltimore, St. Louis, Atlanta, Denver, Minneapolis, Dallas, Newark, Anaheim, Detroit, Houston and San Francisco.

But...every thing else is not the same. Cities vary in their index scores on other amenities, and some of these (e.g., Low Crime and Health Care/Environment) also appear linked to the number of corporate headquarters. So it is possible that the correlation we observed between arts amenities and the number of headquarters is spurious, that is, merely an incidental byproduct of a linkage between each of these variables and a common third factor. For example, it could be that low crime (the "third factor") allows the arts to flourish and encourages corporate location decisions. If true, and even if arts and location decisions had no direct link at all, these two variables would still rise and fall together with varying levels of crime and thus would appear to be correlated and possibly causally related.

To check that the correlations obtained for the Arts index are not merely masking the spurious and confounding effects of other amenities, we used a technique known as multiple regression analysis to create the statistical equivalent of "everything else the same." Multiple regression analysis measures the amount of linkage between a city's arts score and number of headquarters while statistically controlling for the possible confounding effects of the other six amenity factors. If we could find that the measured relationship (known as the regression coefficient) between the art score and number of headquarters remained positive and statistically significant even after taking into account all the other factors, such as Low Crime and Health Care/Environment, we could then state more confidently that the arts amenities link is real and direct, i e., not spurious, and may well play an important role in corporate headquarters location decisions in these 20 cities. The regression findings are shown in Table 7 (next page)

A conventional test for evaluating the statistical significance of regression coefficients is the T-ratio, which is the ratio obtained by dividing a variable's coefficient by its standard error. If the T-ratio exceeds an absolute value of 2.0, it is considered statistically significant. Applying this test to an evaluation of the results in Table 7, [4] we see that the Arts index continues to have a positive and statistically significant link with the number of corporate headquarters (both total and services only), even after control ling for the possible confounding effects of the other six amenities. The only other amenity that appears to have any relationship with the headquarters variable is Low Crime, and that is for services corporate headquarters only (these general findings hold after excluding New York City and repeating the analysis).

Based on the statistical findings reported in this section, we conclude (1) that the quality of a city's arts environment is correlated with the number of corporate headquarters located there, (2) that this relationship persists even after taking into account many other factors, and (3) that the data are consistent wit h (but do not prove) our view that the arts exert both direct and indirect causal impacts on corporate headquarters location decisions.

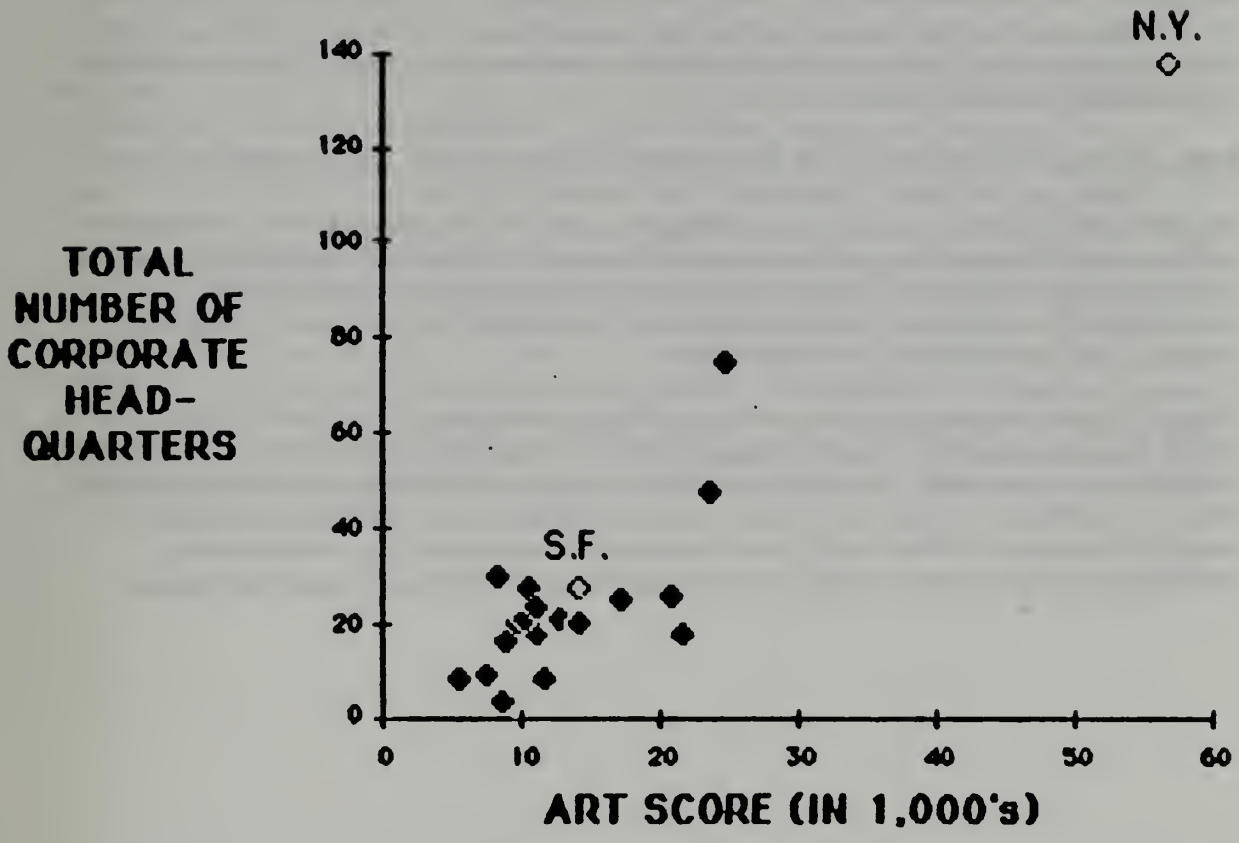
TABLE 7: MULTIPLE REGRESSION ANALYSIS OF THE NUMBER OF CORPORATE HEADQUARTERS AS A FUNCTION OF SEVEN AMENITIES IN THE 20 LARGEST U.S. CITIES[a]

	Number of Corporate Headquarters	
Amenity	Services Only	Total
Arts	.0010**	.0024**
Climate/Terrain	-.0011	-.0224
Transportation	-.0003	.0010
Recreation	.0016	.0042
Health/Environ.	-.0015	-.0023
Low Crime	.0092*	.0067
Education	.0014	-.0058
Constant	14.0	6.63
S.E.E.	5.05	12.40
D.F.	12	12
Adj. R-SQ	.86	.83

* T-ratio > 2.0. ** T-ratio > 3.0

a Entries are unstandardized regression coefficients. See Table 6 for the list of cities.

FIGURE 1: TOTAL NUMBER OF CORPORATE HEADQUARTERS BY ARTS SCORE: 20 LARGEST U.S. CITIES



B. The Arts and Recreation

Another significant but indirect linkage between the City's arts and economic activity can be found in the neighborhood economic analysis of arts activity in Chapter 5. This chapter shows that besides positively affecting corporate headquarters location, arts activity stimulates restaurant growth. As a result, the quality of San Francisco's arts environment can be credited with some positive contribution to the top ranking given the City's Recreation environment in the Places Rated evaluation. In short, the arts environment, in its own right and through its positive affect on the Recreation variable, is one of the four major factors that helped produce San Francisco's top ranking amenities profile in 1985.

As regards San Francisco, two points are particularly worth noting: 1) Climate/Terrain is essentially a natural endowment; and 2) Recreation, through its restaurant component, is partly a positive function of arts activity. The implication for San Francisco is straightforward. By emphasizing arts support and development both the Recreation and Arts elements of the local amenities profile will be strengthened. This will have a positive effect o n San Francisco's overall amenities ranking because these two elements (Recreation and Arts) represent two of the three critical policy sensitive areas that currently account for the City's strong amenities ranking.

Arts, Advanced Services, and Corporate Headquarters: A Summary

The economy of a large central city is a complex system of interdependencies. This is evident in the linkages between corporate headquarters location decisions and the quality of an area's arts environment. Emanating from this relationship are several mutually reinforcing effects involving professional labor force availability, access to strategic in formation and business services availability.

Advanced service producing and consuming firms cannot operate without access to a highly educated and professional labor supply. This labor supply tends to be most readily available in or more easily recruited to high amenity areas. As more corporate headquarters locate in a particular central city, in part to take advantage of an available and/or easily attracted professional labor supply, new headquarters are drawn in by the increasing availability and lower costs associated with acquiring and utilizing strategic information.

Further, as headquarters concentration grows, independent business services are attracted, as they are drawn to the most lucrative market for their services. As the local economy expands due to this growing concentration of advanced service activity, so does per capita income; and as personal income and education levels increase the demand for arts/amenities increases as well.

Due to the complexity of the location decision process and the small amount of empirical research on the subject, we are not able to specify the relative importance of each of the causal relationships discussed above. However, it is clear that: 1) the advanced services sector is of major and growing importance to San Francisco's economy, 2) due to changes in the type and structure of corporations in the current economy, the City's amenities profile has become an increasingly important factor influencing corporate headquarters location decisions, 3) the arts environment is a significant element in the City's amenities profile and 4) unlike some elements of the City's amenities profile the strength of the City's arts environment can be affected through public policy.

The question of whether or not to institute explicit and substantial city policies aimed at attracting and holding corporate headquarters has quite recently and rapidly become extremely important. San Francisco and the wider SMSA have very recently experienced a dramatic loss of corporate headquarters. This includes corporations such as Crown Zellerbach, Crocker Bank, Genstar and Safeway among others. Although none of these losses seems to have had anything to do with the City's attractiveness as a corporate headquarters location (they were all take-overs of various types), the result is nevertheless to reduce dramatically the number of corporate headquarters located in San Francisco and th e surrounding SMSA. Even where the loss is only a change from central to regional headquarters, advanced services staff and contracts for outside services are very likely reduced. In addition, the City's cultural life may be weakened from a possible reduction in corporate contributions to the nonprofit arts, roughly proportionate to the loss in corporate headquarters. This has further negative implications for the advanced service sector. Our analysis clearly suggests th at strengthening the arts environment will help to increase the likelihood that new corporate headquarters and advanced services businesses will move in to repl ace these recent losses.

VII. SAN FRANCISCO'S CORPORATE HEADQUAR TERS AND RECENT PATTERNS OF MIGRATION

This section identifies the corporate headquarters in San Francisco and tracks the migration of corporate headquarters in and out of the City from 1974 to 1985. As previously stated, the presence of corporate headquarters is the best available single indicator of advanced service activity. The names and number of corporate headquarters in San Francisco, and changes therein due to migration, provide insight into the importance of advanced services in the City. This listing also helps to identify the set of corporate senior officers whose attitudes towards the nonprofit arts play an important role in the level of arts support received.

Data on the location of corporate headquarters for the years 1974, 1979, 1984 and 1985 was gathered from three sources: The Fortune Industrial and Service 500s, the S.F. Business BIG 50 and the newly published Chronicle 100 lists. The Fortune 500 ranks corporations on a national basis; the BIG 50 ranks firms for the Bay Area; and the Chronicle 100 ranks firms for the nine Bay Area counties.

The data from the three sources were merged into Table 8. A firm which appears on any of the above lists as having its corporate headquarters in San Francisco during one or more of the four study years is included in the Table 8. For instance, if a firm appeared on the BIG 5 0 list in 1979 but not in the other study years, an attempt was made to find out if that firm had been in San Francisco during the preceding and following study years. If that firm was located in San Francisco during the other years, then a (SF) appears under the other study years for that firm. If that firm moved it s headquarters from another city to San Francisco or out of the City, then the name of the city is listed in parentheses. If no information was available then two dashes (--) are listed under the study year for that firm. Table 6 consequently gives a detailed profile of corporate headquarters presence and migration in and out of San Francisco from 1974 to 1985.

During the study period a total of 53 firms currently have or have had their corporate headquarters in San Francisco. These 53 firms have been categorized into six groups:

Unchanged: Those firms whose corporate headquarters have remained in San Francisco during the entire study period.

Moved-In: Those firms which relocated their corporate headquarters to San Francisco or those corporations who began company operations in San Francisco during the study period.
Bay Area: Those firms which moved their corporate headquarters outside of San Francisco but remained in the Bay Area and therefore remain within the City's arts sphere of influence.
Moved-Out: Those firms which relocated their corporate headquarters (for reasons other than acquisition) out of San Francisco and the Bay Area and therefore outside the City's arts sphere of influence.
Acquired: Those firms which were acquired or merged with another firm and as a result their corporate headquarters were moved out of San Francisco.
Out of Business: Those firms which went out of business during the study period.

Acquisition of corporate headquarters are losses, treated as a separate category because they do not reflect a choice by the "departing" firm to leave San Francisco. Of course these acquisitions, most notably that o f Crocker National and Crown Zellerbach have resulted in job losses for San Francisco, particularly in the advanced service sector. Although the recent increase in corporate mergers and acquisitions cannot be linked to the City's amenities and even less to its arts environment, it is important to record these events because they mean a dramatic drop in headquarters located in San Francisco and possibly a related weakening of its advanced services economy. These losses serve to highlight the importance of strengthening San Francisco's ability to hold and attract corporate headquarters. This report is concerned with the City and County of San Francisco. Thus, as regards our study set of corporate headquarters , we have focused and collected data on those corporate headquarters located within the City and County of San Francisco. This does not imply that the corporate headquarters located near San Francisco do not use or are not interested in t he City's arts environment. These clusters of advanced services employment are taken to be within the influence of the City's arts environment. Thus, those corporations who have recently moved their headquarters from San Francisco to a suburb such as Walnut Creek or Novato are not considered losses.

TABLE 8: MANUFACTURING AND SERVICE FIRMS WITH CORPORATE HEADQUARTERS IN SAN FRANCISCO* and No. of Employees**

Status	Name of Firm	1974	1979	1984	1986	Type of Business
Unchanged	American Building Maintenance	16,000	20,000	23,000	(SF)	Maintenance Services
Bay Area	American President Lines, Ltd.	850	(Oakland)	(Oakland)	(Oakland)	Ocean Shipping
Moved In	Amfac Inc.	(Hawaii)	(Hawaii)	21,000	3,516	Diversified Operations
Moved Out	BP Pipelines	--	36	(New York)	(New York)	Transportation
Moved In	BRAE Corp.	--	--	1,200	(SF)	Leasing, Transportation
Unchanged	Bank of California	4,137	(SF)	(SF)	(SF)	Financial Services
Unchanged	BankAmerica Corp.	62,377	80,959	87,317	83,299	Financial Services
Out of Bus.	California Financial Corp.	469	--	--	--	Financial Services
Unchanged	California First Bank	(SF)	(SF)	4,112	4,004	Financial Services
Out of Bus.	California Canners & Growers	1,200	2,000	(SF)	--	Canned Foods & Drinks
Unchanged	California & Hawaiian Sugar	(SF)	(SF)	(SF)	1,400	Sugar Refining
Unchanged	Chevron (Standard Oil)	39,540	39,676	37,761	60,845	Petroleum Products
Unchanged	Consolidated Fibres	(SF)	(SF)	(SF)	(650)	Wholesalers
Bay Area	Consolidated Freight	17,442	24,300	(Palo Alto)	(Palo Alto)	Trucking
Unchanged	CP National	(SF)	(SF)	(SF)	(SF)	Utilities
Acquired	Crocker National Corp.	10,420	16,311	14,100	12,000	Financial Services
Acquired	Crown Zellerbach	31,850	31,572	19,075	16,890	Paper Products
Unchanged	Dean Witter Reynolds,Inc.	4,400	9,500	(SF)	(SF)	Investment Securities
Acquired	Del Monte Corp.	32,100	(New Jersey)	(New Jersey)	(New Jersey)	Food Products
Unchanged	Di Giorgio Corp.	5,127	5,000	2,500	4,500	Foods, Real Estate
Moved Out	Dymo Industries	6,100	(NY)	(NY)	(NY)	Visual Communications
Acquired	Fibreboard	6,300	(Portland)	(Portland)	(Portland)	Wood Products

TABLE 8: MANUFACTURING AND SERVICE FIRMS WITH CORPORATE HEADQUARTERS IN SAN FRANCISCO and No. of Employees(a) (continued)

Status	Name of Firm	1974	1979	1984	1986	Type of Business
Bay Area	Fireman's Fund Insurance	12,878	15,000	(Novato)	(Novato)	Insurance
Unchanged	First Nationwide Financial	(SF)	(SF)	2,725	(SF)	Financial Services
Moved In	Genentech	--	(SF)	(SF)	(SF)	Health Research
Moved In	Genstar Ltd.	(Montreal)	20,000	16,200	(SF)	Real Estate, Bldg. Mat.
Moved In	Grubb & Ellis Co., Inc.	(Oakland)	(Oakland)	3,100	(SF)	Real Estate
Unchanged	The Harper Group	(SF)	(SF)	200	(SF)	Transportation
Unchanged	Hexcel	(SF)	(SF)	(SF)	(SF)	Metals & Mining
Unchanged	Homestead Mining Co.	2,042	2,400	2,300	(SF)	Gold & Metals Mining
Bay Area	Hughes Airwest	3,800	(San Mateo)	(San Mateo)	(San Mateo)	Air Carrier
Unchanged	Industrial Indemity	25,00	2,700	(SF)	(SF)	Insurance
Unchanged	Itel Corp.	1,400	(SF)	900	(SF)	Leasing
Out of Bus.	Koracorp Industries	5,000	--	--	--	Sportswear Mfg.
Unchanged	Levi Strauss	30,141	44,700	37,000	37,000	Clothing Mfg.
Moved Out	Liquid Air Corp.	--	(SF)	4,119	(Walnut Ck.)	Chemicals & Plastics
Unchanged	McKesson, Inc.	17,100	17,400	13,200	13,200	Wholesalers/Food
Acquired	Natomas Co.	600	4,000	(Dallas)	(Dallas)	Natural Resoures
Unchanged	Pacific Gas & Electric	26,333	26,877	28,400	29,600	Utilities
Unchanged	Pacific Lumber Co.	2,699	4,300	3,000	(SF)	Lumber, Welding Equip.
Unchanged	Pacific Telesis Group	(SF)	(SF)	76,881	71,488	Utilities
Unchanged	Potlatch	10,229	10,181	8,354	7,839	Forest Products
Moved Out	PVO International	1,185	(NJ)	(NJ)	(NJ)	Foods & Chemicals
Moved In	Shaklee Corp.	--	(SF)	1,400	(SF)	Person/House/Nutri.

TABLE 8: MANUFACTURING AND SERVICE FIRMS WITH CORPORATE HEADQUARTERS IN SAN FRANCISCO and No. of Employees(a) (continued)

Status	Name of Firm	1974	1979	1984	1986	Type of Business
Unchanged	Southern Pacific	45,000	56,300	(SF)	(SF)	Transportation
Unchanged	State Compensation Insur. Fund	1,695	2,000	(SF)	(SF)	Insurance
Unchanged	Transamerica Corp.	25,300	29,000	30,600	15,600	Diversified Services
Unchanged	U.S. Leasing International	4,500	8,500	(SF)	1,662	Equip. Leasing
Unchanged	United Artists Communications	(SF)	6,000	7,000	(SF)	Theatres, Cable T.V.
Unchanged	Utah International	4,500	8,500	(SF)	(SF)	Mining & Ocean Shipping
Unchanged	Utah-Marcona Corp.	4,150	(SF)	(SF)	(SF)	Shipping & Mining
Unchanged	Wells Fargo & Co.	12,186	17,461	15,400	14,000	Financial Services
Unchanged	Wilbur-Ellis Co.	1,600	(SF)	(SF)	(SF)	Commodity Trader

SOURCE: FORTUNE Industrial and Service 500 Lists, S.F. Business "BIG 50", and THE CHRONICAL 100. See Appendix A for full citation of sources.

NOTES:

* These data were gathered in the summer of 1986; since that time there has been a few changes in the locational status of these corporations. Please refer to Appendix B for more detailed information.

** These figures are the total number of employees for the corporation as a whole rather than the headquarters. It is assumed that the ratio of headquarters employees to total corporate employees is somewhat constant, although no data is available on this ratio.

(SF) The corporate headquarters of these firms were located in San Francisco although they did not appear on any of the lists for that year.

From 1974 to 1985, thirty of the 53 corporate headquarters under study or 57% have remained "Unchanged" in their location status . During this period, six firms (12%) either moved their corporate headquarters to San Francisco or began operations here. Some headquarters such as Genstar and Amfac moved from as far away as Montreal and Hawaii, respectively, while Grubb & Ellis moved to San Francisco from the East Bay. Four firms (8%) moved their corporate headquarters to other Bay Area cities such as Novato, Walnut Creek and Palo Alto. Four firms (8%) moved their corporate headquarters out of San Francisco and the Bay Area for reasons other than acquisition. Another five firms (9%) went through some kind of structural reorganization such as acquisition and as a result their corporate headquarters have been relocated. Three corporations went out of business during the study period.

Although most of the corporations who have been "acquired" during the last 10-15 years no longer have their corporate headquarters in San Francisco (e.g., Fibreboard and Del Monte) most of these firms do maintain either a regional or divisional headquarters in the City. As an indicator of the presence of advanced services personnel, there is little difference between national as opposed to regional or divisional headquarters. If a corporation's head quarters gets converted into a regional or divisional headquarters as a result of acquisition, this does not necessarily represent a massive loss of advanced service employment, though some reduction in its size and authority may take place . Again, it is unlikely that a change in headquarters location factors was the cause of this loss. In short, corporate regional and divisional headquarters play a similar but less pronounced role from that of the central headquarters. But since data on the former is far less readily available, we have used corporate headquarters as a proxy for all enterprises which have high concentrations of advanced services personnel.

VIII. INTERVIEWS WITH SAN FRANCISCO CORPORATE CEOs ON HEADQUARTERS LOCATION DECISIONS

The theory developed in section V of this chapter posits several links between the arts/amenities and corporate headquarters location decisions. The theory has four main elements: 1) a corporation which locates in a strong arts/amenities environment will be better able to attract the professional labor force it needs, 2) cities with a vibrant cultural environment are attractive to corporate CEOs whose personal preferences often play an important role in corporate headquarter location decisions, 3) being located in a city with a strong arts/amenities profile may have a positive effect on worker productivity, and 4) being located in a rich arts/amenities environment may facilitate the informal exchange of information necessary for effective corporate decision making.

Section VI, besides presenting the theory, also discusses the empirical evidence that exists to support it. To date, the empirical research that has been conducted in this area is limited. Therefore, to place the theory in a local context, we have interviewed representatives of Amfac, Chevron and McKesson corporations to determine their views concerning the role of the arts as a corporate headquarters attraction factor. The interviews provided impressionistic information, from corporate decision makers who have been headquartered in San Francisco for some time, on the role of the arts as a corporate attraction and retention factor. The information was gathered by personal interviews using a questionnaire that addressed the four main elements of the corporate headquarter attraction theory.

The element of the theory that was most strongly confirmed by the interviewees was the idea that by locating in a city with a strong arts environment a corporate headquarters is better able to attract and hold the professional labor force it needs. From the interviews it was clear that a strong interest in the arts exists among corporate headquarters personnel. This finding is also borne out by the demographic characteristics of the arts audience which were detailed in Chapter 2. Corporations clearly support the arts for a variety of reasons; however, no matter what the reason, the support helps to ensure the continued viability of the local arts environment and as such provides an indirect type of employee benefit. In other words, corp orations, aware that their headquarters staffs were originally attracted to San Francisco, in part, due to its arts environment, continue to support the arts, in part, to ensure that this environment will continue to be available to them.

In the area of the arts environment's effect on worker productivity and on facilitating the exchange of strategic information, the interviewees were not in agreement. In the area of productivity, the opinions ranged from no effect, to the idea that by working in a city with a strong arts/amenities environment, worker self esteem is enhanced, which leads to greater productivity. As regards the exchange of strategic information, all of the corporations interviewed either have had or currently have representatives on the boards of local arts organizations. There was general agreement that membership on these boards was for both business and personal reasons. It was also generally felt, though, that there are a variety of other opportunities for local CEOs to meet informally and that involvement with arts boards was not the most important among them. Finally there w as general agreement that the personal preferences of corporate CEOs would have an effect on any decision to relocate the corporate headquarters. However, none of the interviewees were able to relate any direct experience on this issue.

Throughout our discussions, those being interviewed made it clear that economic factors are of primary importance in corporate headquarters location decisions and the importance of art/amenities is a secondary level decision variable. This distinction is consistent with our expectations and does not vary from the theory developed earlier. Overall, the results of our three interviews show that the arts environment affects the corporate headquarters location decision in a variety of ways. Based on these preliminary findings, a comprehensive survey of San Francisco's corporate decision makers regarding headquarters lo cation determinants and the general and specific role of the arts in this decision process would be a valuable addition to this paper and the general data on the topic. It would also be beneficial in developing local arts policy. Unfortunately, this type of systematic survey was beyond the scope of this project.

CONCLUSIONS

San Francisco's arts/amenities ranking, relative to other major cities, plays an important role in the "competition" with those cities for corporate headquarters and related advanced services which are of major and increasing importance to the City's economy. Currently, San Francisco ranks rather well in this competition. According to Rand McNally's Places Rated Almanac , **in 1985 San Francisco ranked seventh out of the twenty top U.S. cities in the quality of the arts environment and at the same time is a major location for corporate headquarters.** Thus, based on the arguments developed in this chapter, it seems reasonable to credit the arts with having made a contribution to San Francisco's economy by aiding in the notable growth of its advanced services sector. The indirectness of this contribution, however, raises the possibility that it is being overlooked or underestimated. We hope this report will reduce that likelihood. Further, **it is important to emphasize that a strong arts environment is not part of a city's natural endowment. Rather, it is the result of the activities of the arts community, the interest and size of the arts audience and patterns of private and public sector support.** Stanback and Knight make clear the relationship between arts support and urban economic growth, when they state:

> **It is not unlikely that a community has more control over the types of industry it attracts than has been considered possible in the past. For example, amenities that a community chooses to emphasize will influence the types of industry that it will attract. A high-skill, high-wage industry must locate in areas that provide the high standard of amenities demanded by its personnel** (1970:237-8).

While the arts environment is not the only significant attraction factor for corporate headquarters and related advanced services, it is, unlike climate, a major factor subject to policy influence. Strong supportive arts policies, on the part of the City government and the corporate sector, can serve to protect and enhance the City's special ambience and help maintain or raise San Francisco's comparative advantage in the national competition for advanced services employment, thereby facilitating continued economic growth.

FOOTNOTES

/1/ The core urban concentration around which a metropolitan area develops.

/2/ These interpretations assume interval-level measurement, bivariate normal distributions, and a linear relationship. Since the amenities scores are ordinal measures used for ranking cities, the correlional results should be regarded as suggestive only. The same qualifications (along with additional restrictive assumptions) apply to interpretations of the regression data presented later in the text.

/3/ By "statistically significant," we mean that there is less than a 5% chance that the observed correlation could have occurred by chance alone, given the standard statistical assumptions and viewing these 20 cities as a simple random sample of a hypothetical larger population of cities.

/4/ The way to read each column of information in Table 7 is as an equation. To illustrate with the equations for total number of headquarters (TH),

$$TH = 6.63 + .0024A - .0224CT + .0010T + .0042R - .0023HE + .067LC$$

$$- .0058E.$$

Using this equation as a formula to predict a city's total number of corporate headquarters, one would start with 6.63, add .0024 times the city's Arts score (A), subtract 10224 times the Climate/Terrain score (CT), and so on. These coefficients were estimated using the regression model on data for the 20 cities. The T-ratio measures how statistically reliable these coefficient estimates are. The remaining terms are the standard error of the estimate for the equation as a whole (S.E.E.) the degrees of freedom (D.F.), and the adjusted coefficient of determination (Adj. R-SQ.). These numbers are used to evaluate the statistical significance and predictive potency of the model itself, which was not our main concern. Regarding potency, we should note that the coefficient for the Low Crime index, although less statistically reliable, does appear relatively more important than the Arts index based on a comparison of coefficient values. For example, in the Services column, we see that .0092 >> .0010, which means that each added point on a city's Low Crime index yields 9.2 times the marginal effect produced by an added point on the Arts index.

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APPENDIX A: DATA SOURCES FOR TABLE 8

Fortune Service 500 and 250:

Fortune Magazine: July, 1975, Vol. 92, No. 1; July 14, 1980, Vol. 102, No. 1; June 10, 1985, Vol. 111, No. 12; June 9, 1986, Vol. 113, No. 12.

Fortune Industrial 500:

Fortune Magazine: May, 1975, Vol. 91, No. 5; May 5, 1980, Vol. 101, No. 9; April 14, 1985, Vol. 111, No. 9; June 9, 1986, Vol. 113, No. 9.

BIG 50:

S.F. Business Magazine: July 1975, Vol. 10, No.7; October 1980, Vol. 15, No. 10; and July 1985, Vol. 2, No. 7.

The Chronicle 100:

The Chronicle, March 31, 1986.

Although these sources annually gather similar information and present it in almost identical formats, there are a few differences which should be noted:

- Before 1982 Fortune ranked the top 250 largest Service (Non-Industrial) firms rather than the top 500. In 1982 the format changed fron 250 to 500, most likely as a result of the growing importance of service firms in the U.S. economy. Therefore it is possible that some service firms in San Francisco before 1982 would have been ranked for the years 1974 and 1979 if the format had been 500 for all four study years.

- S.F. Business "BIG 50" does not include commerical banking or financial service firms in their ranking. Therefore, major S.F. corporations such as Bankamerica, Wells Fargo and Crocker National do not appear on these lists which allowed perhaps smaller less prominant corporations to be ranked within the top 50.

- Although the Chronicle 100 list, first published in March 1986, expands the number of local firms ranked from 50 to 100, they also expand their geographical area to the nine Bay Area Counties. The result is that cities such as San Jose and Sacramento are added to the list and moderate and long time San Francisco based corporations do not appear on this list. The Chronicle 100 also does not list total number of employees for each firm as do the Fortune 500 and the BIG 50; therefore employees figures for 1985 are not available for many of the firms.

APPENDIX B: FOOTNOTES ON CORPORATIONS WHOSE HEADQUARTERS LOCATION STATUS HAS CHANGED DURING THE STUDY PERIOD

SOURCE: This information was gather by telephone conversations with the Public Relations/Corporate Communications offices of each firm during May and June 1986.

Amfac Inc. moved its corporate headquarters from Hawaii to San Francisco in September 1982.

BRAE Corp. began operations in San Francisco in 1977.

The parent company of Bank of California is Bank Cal Tri State Corporation; in 1974 the corporation was listed as such. Since then Mitsubishi acquired the corporation and changed the name to Bank of California.

California Canners and Growers went out of business in 1983.

California Financial Corp went out of business in April 1974.

CP National is planning to move its corporate headquarters to Walnut Creek by the end of 1986.

Crocker National Corp. was acquired by Wells Fargo & Co. in 1986.

Crown Zellerbach was recently acquired by a Richmond, Virginia based corporation. The Paper and Pulp Division will continue to be located in San Francisco.

Dean Witter Reynolds' operations headquarters is located in San Francisco; their corporate headquarters is located in New York.

Del Monte was recently acquired by Nabisco; Nabisco maintains a division office in San Francisco.

Di Giorgio Corp. moved from the Fortune Industrial 500 list to the Service 500 list in 1984.

Dymo Industries changed its name to Esselte Pendaflex in March 1979; then to Esselte Borrum & Pease, Inc. in July 1986 and then back to Esselte Pendaflex in September 1986; their headquarters is now located in Garden City, New York.

Fibreboard was acquired by Louisiana Pacific Corp. in 1978.

In October 1982 Fireman's Fund moved its corporate headquarters to Novato; they maintain a branch office in San Francisco.

First Nationwide Financial has always maintained its headquarters in San Francisco although they have been owned by other companies over the last ten years: from 1974-1979, they were owned by National Inter Group; in December 1985 they were purchased by Ford Motor Co. First Nationwide Financial Corp was called United Financial Corp of California in 1974.

Genentech was founded in San Francisco in 1976. They moved their plant and corporate offices to So. San Francisco in the late 1970s. The Chronicle lists their headquarters in San Francisco.

APPENDIX B: FOOTNOTES ON CORPORATIONS WHOSE HEADQUARTERS LOCATION STATUS HAS CHANGED DURING THE STUDY PERIOD

Genstar Ltd. moved their executive offices to San Francisco in 1978; their corporate headquarters are located in Van Couver, Canada. Genstar was acquired by another corporation late 1986.

Grubb & Ellis Co. moved their corporate headquarters from Oakland to San Francisco in 1984.

Hexcel corporate headquarters has been located in San Francisco for over 15 years.

The majority of Itel Corp.'s stock was acquired by an individual based in Chicago; therefore their corporate headquarters was moved to Chicago in April 1896. Itel Corp still maintains their two largest subsideries and their headquarters in San Francisco.

Koracorp Industries went out of business in October 1979.

Liquid Air Corp. moved their corporate headquarters to Walnut Creek in January 1986.

Natomas was acquired by Diamond-Sherman in 1983; they maintain a regional headquarters in San Francisco.

Pacific Telesis Group was formed in 1983 after Pacific Telephone and Telegraph split into its various new firms, such as AT&T.

Shaklee Corp. moved their corporate headquarters to San Francisco in Fall 1979 and Spring 1980.

Southern Pacific's land company recently merged with Santa Fe's land company to create Santa Fe Pacific Realty Corporation. Because of federal anti-trust regulations, the two railroad companies are still completely separated and maintain their own corporate headquarters; Southern Pacific still maintains its corporate headquarters in San Francisco.

Utah-Marcona Corp was called Marcona Corp before 1979.

THE NON-PROFIT ARTS AND NEIGHBORHOOD ECONOMIC GROWTH AND CHANGE: SAN FRANCISCO'S CIVIC CENTER AND THE MISSION NEIGHBORHOODS

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Research Paper #7 -87

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Angela McBride, M.P.A., served as a principal researcher on this project. Brent Saunders, M.P.A., helped us develop and analyze the results of the Civic Center merchant survey. Tiki Leipsic Baron, B.A. in Urban Studies, aided in researching and interviews involving the Civic Center neighborhood. Julie Silliman, M.P.A., coordinated and edited drafts.

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Executive Summary

The findings in this report derive from three sources:

(1) A model of the arts entry - neighborhood growth process,

(2) Tabulations of land use changes (1975-1986) in the Civic Center and Mission neighborhoods, and

(3) Surveys of business managers in the Civic Center and Mission neighborhoods.

Personal interviews with selected neighborhood representatives clarified and confirmed certain findings.

We find that:

1. **Good grounds exist** in theory for expecting some **NPAOs** to enter particular, economically declined neighborhoods thereby helping to **induce local economic growth by bringing customers, improving safety, enhancing ambiance and revealing renovation potential.**

2. **Investigation** of the Civic Center and Mission experiences indicates that:

   – Business managers perceive the presence of neighborhood arts activity to have a generally positive impact on business.

   – Arts employees and especially arts audiences are a substantial part of the trade for a significant share of neighborhood businesses.

   – Some businesses have entered the neighborhoods and others have adjusted their product line and/or decor to attract arts audiences.

   – Neighborhood safety is considered an important determinant of business growth, and the NPAOs are seen as improving neighborhood safety.

   – The opening of Davies Hall was paralleled and followed by a substantial jump in neighborhood business turnover and new business growth in the Civic Center neighborhood.

THE NON-PROFIT ARTS AND NEIGHBORHOOD ECONOMIC GROWTH AND CHANGE: SAN FRANCISCO'S CIVIC CENTER AND THE MISSION

Introduction

In this chapter, we examine the role played by Non-Profit Arts Organizations (NPAOs), over the past decade in the economic growth and change experienced by two San Francisco neighborhoods: Civic Center and the Mission.

These neighborhoods were selected on the basis of three criteria: 1) their approximation to the economic concept of "neighborhood"; [1] 2) the presence of especially high and growing concentrations of NPAO activity (See Figure 1); and 3) general indications of economic growth and change over the past decade.

To provide a framework for our investigation we constructed a model of the linkage between NPAO activity and neighborhood economic growth. Based on this model and the evidence presented in this chapter, we conclude that NPAOs made and continue to make significant, positive contributions to economic growth in both the Civic Center and Mission neighborhoods. Further, this study supports the general expectation that growth stimulus occurs in central city neighborhoods with similar structures which attract concentrations of NPAOs.

Our analysis of non-profit arts impact on neighborhood growth and change proceeds as follows:

1) First, we present a discussion of the Neighborhood Economic Growth Model.
2) Next, we describe the research methodology employed in our two neighborhood studies.
3) Third, we present our Civic Center neighborhood study, with attention given to:
   a) key economic features of NPAOs in the Civic Center;
   b) a background description of the neighborhood;
   c) details of the Civic Center study design;
   d) a description and discussion of the Civic Center land use and merchant survey results;
   e) conclusions of the Civic Center study.

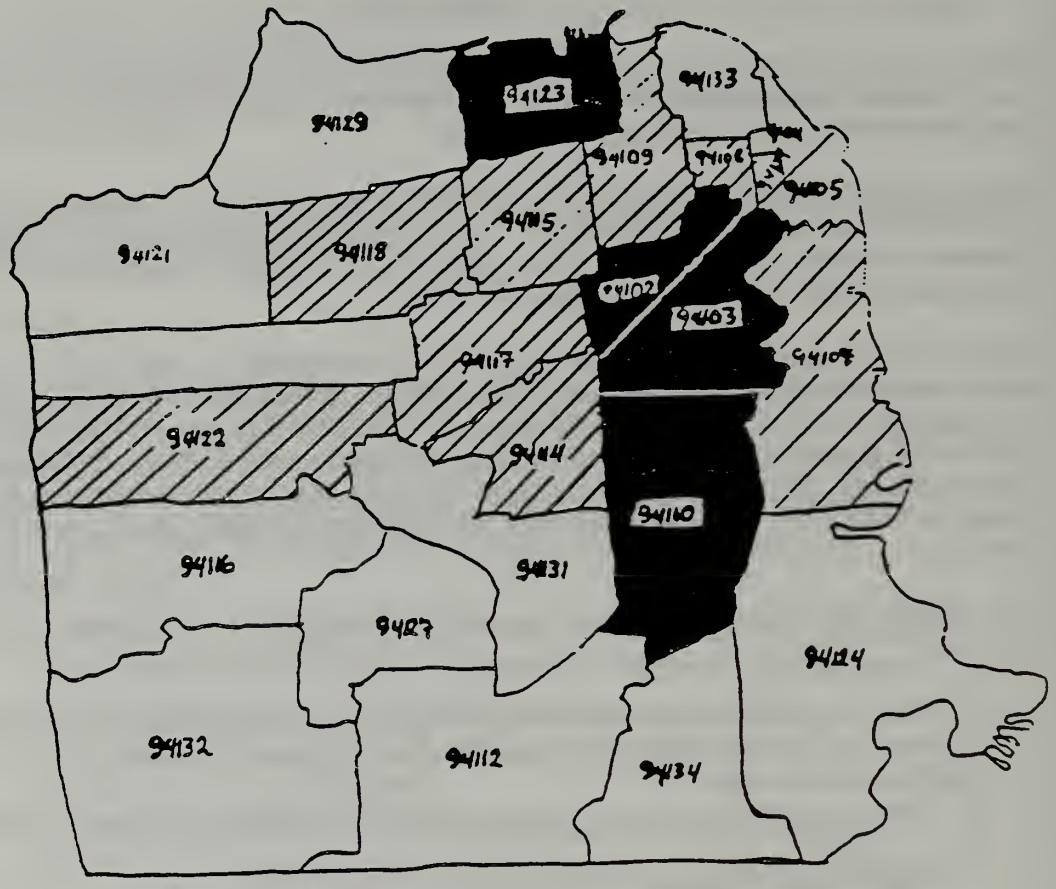
4) Fourth, we present our Mission neighborhood study, which parallels the content of the Civic Center study.

5) Footnotes and appendices are provided at the end of the report.

FIGURE 1

Location of S.F. Nonprofit Arts Organizations

By Zip Code Area



The Model

The model presented here offers a generalized account of the role that NPAOs can play in initiating and supporting sustained economic growth in a central city neighborhood which has experienced economic decline. It is then used as a framework for our two case studies: Civic Center and The Mission.

Our model predicts that, given six initial conditions, Non Profit Arts Organizations (NPAOs) will enter a neighborhood, and will induce substantial economic growth and change.

The six initial conditions that set the stage for the entry of NPAOs into a declined neighborhood are:

1) A central city with large and growing advanced services and retail service sectors set in a metropolitan region experiencing similar trends.

2) Central city and regional demographic shifts to a population mix with higher levels of education, professional employment and personal income.

3) A substantial supply of NPAOs and talented risk-taking artists in the central city, who need large amounts of low cost space.

4) An ample supply of low cost , arts-usable, audience accessible built space in the economically declined neighborhood.

5) A tendency by NPAOs and artists towards locational clustering.

6) An initial disinclination by new service sector businesses to locate in the neighborhood.

The Initial Conditions

The Declined Neighborhood Neighborhood economic decline creates internal low cost space availability. This decline stems from one or both of the following: 1) a major loss of manufacturing, warehousing and/or other large space-using export activity, 2) out-migration of middle and upper middle income families. Paralleling this is an associated decline in local retail trade. For most central cities, including San Francisco, these are the consequences of a process begun in the early 1960's which continues in a modified form today. In the Civic Center and Mission neighborhoods, the earlier loss of an economic base left substantial amounts of vacant and/or underused industrial, warehouse, commercial and retail space available at relatively low-cost. There was also a stock of relatively low-cost housing available. [2]

Arts Space Needs There is great pressure on NPAOs to seek out large amounts of low cost space. NPAOs need space for practice, rehearsal, production, storage and display or performance. Since NPAOs are typically unable to earn revenues sufficient to cover their costs of operation, most can only afford low cost space.

Arts Clustering For social, psychological and functional reasons, most artists and arts organizations tend to cluster. They want interchange with other NPAOs and artists for artistic stimulation, information exchange and social interaction. In addition, both NPAOs and individual artists recognize the need to create a critical mass of arts activity which can achieve several important objectives. First, artists and NPAOs seek to cut the per-user cost of conversion of large structures to their needs by clustering. Shared space reduces the cost of major improvements in plumbing, electrical wiring, space division and overall rental costs, building maintenance and insurance. It facilitates fuller utilization of specialized performance space and the possibility of shared equipment. Also, concentrations of arts activity can create a sufficiently large localized demand to pull needed specialized services into the area such as musical instrument maintenance and art supplies.

NPAOs recognize the advantage of clustering in attracting and capturing spillover attention from audiences attending other arts activities. This concentration of art patrons can also draw food and drink establishments into the neighborhood, further enhancing the neighborhood's attractiveness to those who attend NPAO performances and exhibits. Finally, clustering increases the sense of safety for artists, audiences and customers in a neighborhood previously perceived as unsafe. This is of considerable importance since concern for personal and property safety represents a major barrier to neighborhood economic growth.

Private Business Disinclination to Locate in the Neighborhood The growth sectors of business, advanced and retail services, are not initially attracted by this abundance of low cost space. Physically, the structures are seen as not easily adaptable to their needs. Additionally, the neighborhoods are viewed as dangerous and the housing and local businesses unappealing to the white collar, middle and upper middle class tastes of their employees and/or clientele.

The Growth Process and Its Phases

A New Demand for Retail Trade With the entry of NPAOs, arts activity employees and artists newly residing in the neighborhood create a new and somewhat special local market which leads to the establishment in the neighborhood of certain retail and food and drink businesses, particularly coffee houses, colorful restaurants and bars.

Far more important economically, NPAO activity attracts audiences to exhibits and performances mainly from outside the neighborhood. This audience creates a dramatic increase in the demand for food and drink establishments. It also creates a potential market for other upscale, luxury consumer goods and services, since the NPAO audience members have substantially above-average levels of income, education and professional employment. [3]

Arts Suppliers If the arts activity clusters are large, neighborhood business growth is further enhanced as some arts activities suppliers are drawn into the neighborhood e.g., office supplies, paint suppliers, electrical services and printing.

Enhanced Safety Arts clustering also contributes to an enhancement of the street safety of the neighborhood. This is due, primarily, to the increase in foot traffic brought about by increased performance/exhibit and retail activity. NPAOs contribute to street safety, additionally, by hiring security guards to protect arts patrons and their property (e.g., patrons' auto mobiles), and through organized pressure on the city for increased police protection and improved street lighting.

Creative Conversion of Space NPAOs creatively and with much "sweat equity" (i.e. under-salaried labor) convert part of the neighborhood's low cost space to new uses involving the production and viewing of art. This conversion is creative in that it reveals the potential attractiveness and usability of these and other similar low cost structures. It also demonstrates economical mechanisms for similar types of adaptations and conversions.

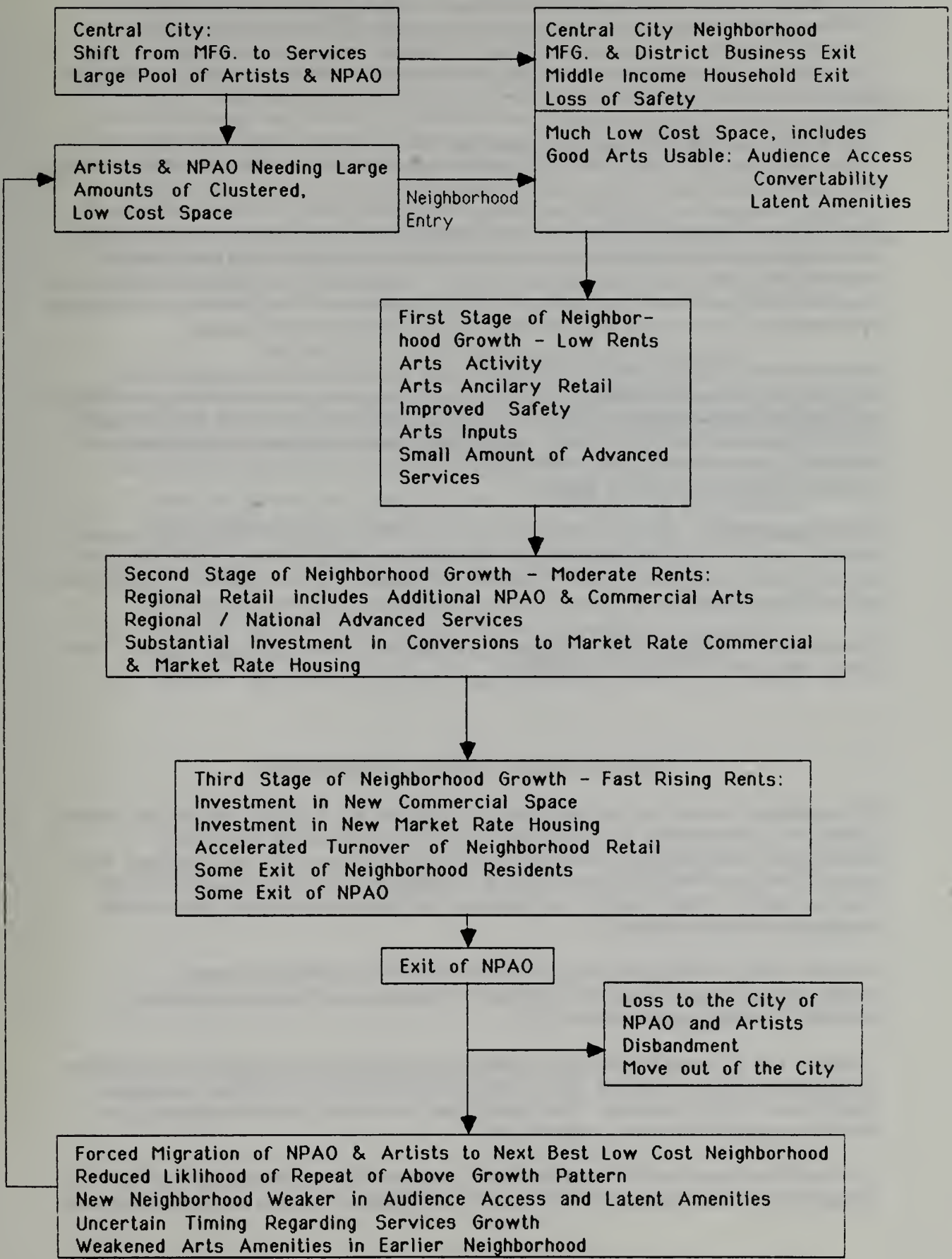
The result is a further attraction of both non-profit arts and audience-oriented commercial activity who undertake similar space conversion. At this point, some professional services (e.g., law, architecture) and specialized regional retail trade (e.g., designer clothes, antiques) will migrate in, attracted by the creative space conversion, the new audience amenities and the still relatively low-cost of space.

Cumulative Business-Attracting Factors A set of professional and retail business attracting features is now in place. These features demonstrate creative space conversion, the growing market represented by the arts audience, the greater sense of safety and the unique improvement in the neighborhood's amenities environment due to the presence of NPAOs and arts-oriented restaurants and bars.

Market Rate Housing and Office Space: From Major Conversion to New Construction If the above phases of growth are substantial, they will give rise to conversion of structures for middle and upper-middle income market-rate housing and/or office space. A precursor of this housing conversion may have occurred with the initial arts entry when some artists probably moved their homes into the neighborhood and began the process of housing rehabilitation. [4]

If the growth is sufficiently strong, it will be paralleled and/or followed by new construction of middle to upper-middle income housing and commercial office space. The stimuli for this new investment are: the still relatively low cost of land, the increasing concentration in the neighborhood of: a) middle and upper-middle income retail and arts activity, b) professional services employment and a substantially enhanced sense of street safety.

FIGURE 2: Flow Chart: Arts Entry Neighborhood Model .



Rising Rents and Displacement Should the demand for commercial and/or residential space grow to the point where major remodeling and new construction is involved, rental costs for existing space in the neighborhood will have experienced substantial increases. These increased space costs may well prove prohibitive for some households and businesses in the neighborhood as well as for some NPAOs, who will be forced to relocate or disband.

The Consequences of Arts Displacement The forced out- migration and/or disbanding of arts activities from the revitalized neighborhood, if substantial, threatens both the neighborhood's new economy and the vitality of the city's overall arts activities.

Much of the neighborhood's new and expanded business and housing is premised directly or indirectly on the audience drawn to the area by the arts activity and to the ambience induced and sustained by that same arts activity. Consequently, a significant weakening of the quality and quantity of arts production in the neighborhood could lessen its comparative advantage as a site for retail trade, offices, tourism, and market-rate housing.

For the non-profit arts themselves, disbandment or forced migration certainly can be expected to weaken their ability to improve or maintain quality, to innovate or grow. These abilities are highly dependent on locational stability and financial security, both of which are interdependent and allow the arts to undertake the necessary training, planning, recruiting, sustained work, and audience-patron development needed to achieve and maintain high levels of artistic quality.

Policy Implication The same NPAOs that help to start a neighborhood revitalization process ironically might fall victim to the high rents produced as a result. Their ability to avoid or absorb such rent increases should be a conscious concern of local government and private donor sources.

This process of NPAO neighborhood growth stimulation is summarized in Figure 2 "Arts Entry - Neighborhood Model" on Page 7.

Neighborhood Study Methodology

The empirical research for the neighborhood study involved the use of several data sources: a Facilities Questionnaire, the PRI NPAO citywide survey, the PRI report on A Demographic and Economic Profile of the San Francisco Non-profit Arts Audience, a mail survey of neighborhood business owners and managers, a business tum-over analysis based on the R.L. Polk Directory and field data, and personal interviews with selected neighborhood representatives.

The PRI - NPAO survey provided data on the distribution of NPAOs among neighborhoods, their expenditures, number of employees, and audience attendance, including the study neighborhoods. [5]

Chapter Two, A Demographic and Economic Profile of the San Francisco Non-profit Arts Audience, provided an estimate of the average per person per day ancillary expenditure figure for the NPAO audience. This figure is used to estimate potential aggregate, arts-ancillary expenditures in each neighborhood.

The Merchant Survey used in both the Civic Center and Mission studies explored the linkage between the presence of NPAOs and neighborhood business as perceived by local

merchants. The questionnaire asked merchants why they located in the neighborhood, whether their business has received additional customers as a result of non-profit arts in their neighborhood, and whether they have adapted their business to better serve or attract customers from the area's NPAOs.

Business Turnover We recorded land use changes in the commercial district in the Civic Center neighborhood over the 1975 to 1986 period to find out what types of business growth and change had occurred. We were able to determine general changes in land uses, e.g., residential to commercial, and changes or growth in types of businesses, e.g., laundry to restaurant.

To provide a context for interpreting these quantitative findings, we conducted a series of in-depth interviews within each neighborhood with representatives from arts organizations, businesses, and public and private organizations involved with land use development.

The Model and Our Empirical Research

The model encompasses more facets of neighborhood growth than we could test. Consequently, we trimmed our research questions to those which could be answered, at least partially, using obtainable data. These were:

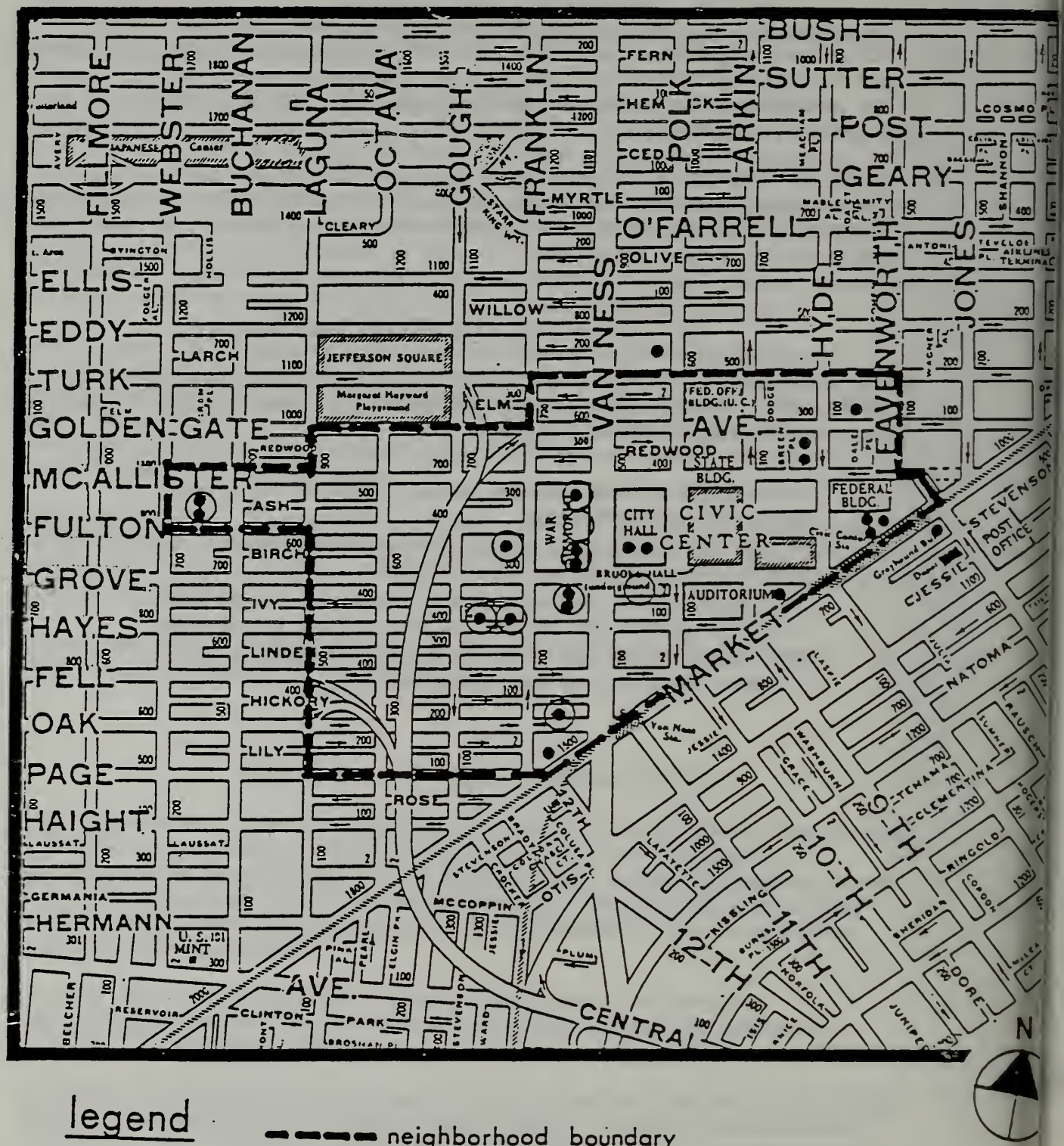
Does neighborhood business activity increase as a result of non-profit arts presence?

Do the non-profit arts attract new businesses to the neighborhoods in which they locate?

Do neighborhood commercial rents increase where both economic growth and non-profit arts growth are present?

Does the entry of non-profit arts into a neighborhood improve the safety of that neighborhood?

FIGURE 3: Map of the Civic Center with NPAOs Indicated



legend

- neighborhood boundary
- arts facility
- arts organization
- organization within facility

More specifically, we hypothesized that if non-profit arts have had a significant positive economic impact on a neighborhood, we would expect to find:

1) An increase in the number of customers patronizing neighborhood businesses.
2) Adaptation by neighborhood businesses to capture NPAO employee and audience trade.
3) An increase in capital expenditures for business remodeling and expansion.
4) An increase in the number of food and drink establishments.
5) An increase in neighborhood commercial rents.
6) An increase in the safety of the neighborhood as perceived by merchants.

Now we turn to an analysis of the two neighborhoods, beginning with the Civic Center.

The Civic Center

The map on page 9 (Figure 3) shows the neighborhood boundaries with points indicating NPAO locations. (For a list of Civic Center NPAOs see Appendix A.)

The Civic Center area contains, by far, the largest concentration of NPAO activity of any neighborhood in San Francisco. Many of the NPAOs located in this neighborhood are the largest and most established (in terms of years in operation) in the City, and represent the more "traditional" arts: the ballet, symphony and opera. The Civic Center is also the City's administrative center housing City Hall and other government agencies.

A central point is that the "traditional" arts attract middle and upper income audiences who have substantial amounts of discretionary income to bring to neighborhood businesses.

Key Economic Features of NPAOs in the Civic Center Neighborhood

It is useful to consider some key information on the direct economic impacts of NPAOs in our selected neighborhoods. The Civic Center neighborhood had the following amounts of expenditures, employment and audience attendance for 1985:

TABLE 1: Selected Direct Aggregate Economic Impacts of NPAOs in the Civic Center Neighborhood: 1985

	Civic Center	SF TOTAL	C.C. % of Total
Expenditures ($ millions)	$ 41.3	$ 88	47%
FTE Employment [6]	1099	3500	32%
Audience Attendance	1,385,000	5 mil.	28%

Source: PRI, "San Francisco Arts Organizations: an Economic Profile"

The Civic Center neighborhood contains the largest percentages of expenditures, FTE employment and audience attendance for NPAOs of any neighborhood in the city. [7]

Below is a broad estimate of total Civic Center NPAO audience arts- ancillary expenditures for 1985. [8] These figures provide an estimate of "potential" or "upper-limit" amounts that an audience might spend in the neighborhood (See Appendix C for an explanation of this calculation.)

Tourist Expenditures:	$ 4,709,000
Visitor Expenditures:	$15,394,275
Resident Expenditures:	$13,528,680
Audience Expenditure Total:	$33,631,955

Background [9]

Significant growth in the Civic Center neighborhood began about 1980. Davies Hall, which has an audience capacity of over 3,000 seats, opened in this year, enabling a substantial increase in the number of performances that could be accommodated at Civic Center facilities. (There have been an average of 205 performances held per year at Davies Hall since it opened. [10]) In addition to Davies Hall, other major building projects in the area were in the works. Some of these were:

Opera Plaza (completed 1982)
The Ballet Building (opened 1983)
The Performing Arts Garage (opened 1983)

Popular Civic Center restaurants such as The Hayes Street Grill and Kimball's opened their doors for business during the period 1979-80.

We begin by considering three factors treated as initial conditions in our model: land use, building stock, and neighbor hood safety. These establish what the Civic Center neighborhood was like prior to the growth stage beginning around 1980.

<u>Land Use and Building Stock</u> Before the recent new NPAO entry into and expansion in the Civic Center, a large portion of this area consisted of public land acquired by the San Francisco Redevelopment agency after having been declared blighted by HUD in the early 1960's. Prior to the SFRA acquisition the existing structures were mainly for light industrial use and dilapidated housing. The industrial structures had been largely vacated by businesses seeking more convenient and cost-effective locations. In good part, these warehouses and residential buildings were considered of such poor quality or otherwise inappropriate that conversion or restoration was not practical. As a result, many of these buildings were demolished to make way for new construction.

Much of the land now occupied by NPAOs is public land, and some of the buildings which NPAOs occupy are public buildings, notably the Veterans' Building. Additionally, acquisition of some of the land currently owned by NPAOs was facilitated by the efforts of the City's Redevelopment agency. The Ballet Building for example, was built in part, on portions of this land.

In the Civic Center area, although some NPAOs converted existing industrial structures for their artistic endeavors, most adapted space in public and non-profit buildings to artistic

use. Two notable examples are the Museum of Modern art and Herbst Theatre, which are located in the War Memorial Complex. Beginning around 1980, some NPAOs acquired low cost land on which to build their own custom-designed facilities.

Private business did see opportunities in the existing industrial structures. Those interviewed from the business sector stated that built-up properties in the neighborhood were being offered at exceptionally low rents during the early Civic Center growth period.

The high concentration of major San Francisco NPAOs in the Civic Center lends strong support to the assumption that arts organizations tend to cluster to achieve mutual advantages. According to Richard LeBlond, past President of the San Francisco Ballet Association, there are several reasons for, and advantages to the clustering of arts organizations in the Civic Center. These include:

1) That artists want to be where other artists are, for stimulation and a supportive atmosphere.

2) It is easier to attract arts audiences because of audience "spillover" from the different arts activities, and because people become familiar with the area and get used to going to one place for their arts patronage.

3) Information exchange among artists and arts groups is facilitated.

4) Meetings of arts administrators are made more convenient.

5) Arts clustering creates a supportive and economizing structure for arts organizations which, among other benefits, can save NPAOs time and money. For example, some sharing of facilities, particularly rehearsal space, is made possible.

Safety

Prior to the early 1980's, the Civic Center neighborhood was perceived as dangerous in terms of both personal and property safety concerns, according to our interviews. During the 1960's, much of the neighborhood, particularly the section west of Van Ness Avenue, had become a low income ghetto. Declared a slum area by HUD in the 1950's, much of it was cleared for urban renewal in the late 1960's. But, positive redevelopment of this area had not actually begun until the late 1970's.

Two of the pioneering business establishments in the neighborhood, Hayes Street Grill and Kimball's restaurant, opened their doors in 1979 and 1980, respectively. according to their owners, the area had been rife with prostitution, drug dealing, and muggings; and drug addicts and alcoholics comprised much of the street population.

The San Francisco Ballet was one of the early NPAO "risk- takers", choosing to move into the neighborhood. There was some hesitation on their part because of the safety factor. Ballet performers feared physical assaults, and there was an added concern for the safety of the children who would be attending the Ballet School. This latter concern was so great that the new Ballet Building included a drive-through which allowed children to be dropped off and picked up in a protected area.

In short, our interviewees paint a picture of the neighbor hood prior to the late 1970's as an economically depressed area widely perceived as dangerous, and offering large amounts of low cost land and built space.

Survey Research of the Civic Center Neighborhood

a) Business Growth and Change

Within the Civic Center neighborhood our land use survey focused on those streets with concentrated commercial activity. We looked only at streets with more than three businesses located on them. For these we listed every address and type of tenancy.

The time frame was the eleven years 1975 to 1986, which captured the significant periods just before and after the new major NPAO growth beginning in 1980 with the opening of Davies Hall. We collected data on tenancy and type of business for all selected street properties listed for the years 1975, 1980 and 1986. For 1975 and 1980, we used R.L. Polk and Company's San Francisco Directories of Householders and Businesses. Tenancy data for 1986 were obtained from our walking survey. A rough effort was made to group those businesses most likely to be influenced by arts activity. Using this data we were able to compute the change and growth patterns discussed below.

(The business land use study also defined the population for a mail survey of 141 owners and managers of currently active Civic Center businesses.)

In view of the major arts-related developments and construction which took place during the period 1980-1986 (Davies Hall, 1980; Ballet building, 1983; and Performing Arts Garage, 1983) we would expect major changes in the types of businesses operating in the Civic Center area. Table 2 shows the distribution of business types in the Civic Center for each of the three years studied.

TABLE 2: Types of Business in the Civic Center Commercial District; Number of Establishments Counted in 1975, 1980 and 1986.

Type*	1975	1980	1986
1. For profit arts and entertainment (e.g., movie theaters, nightclubs)	4	4	9
2. Businesses supplying arts producers (e.g., costume shops)	1	2	2
3. Businesses catering to arts consumers/patrons (e.g., restaurants, bars)	14	15	26
4. Businesses locating near arts for ambience (e.g.,antiques, gift shops)	9	7	9
5. Neighborhood-serving retail goods and services (e.g., grocery stores, laundry)	16	16	28
6. Citywide/region-oriented businesses (e.g., hotels,banks, professional offices)	27	32	52
7. Other retail (e.g., parking garages, gas stations)	16	16	21
8. Other commercial	6	7	3
9. Non-commercial (including NPAOs)	115	131	130
10. Other	4	74**	2***
Total:	212	304	282

* See Appendix E for detailed classifications and examples of business types.
** Mainly includes low-level mixed uses converted to the Opera Plaza business in 1983.
*** For the 1986 column, we were able to identify individual Opera Plaza businesses and these were then absorbed into the appropriate categories (numbers 1 through 8) above.

Table 2 shows there have been significant increases in the number of arts establishments (both NPAO and commercial), of business catering to the arts (14 to 26), of neighborhood retail and services (16 to 28), and of city-wide region-oriented businesses (27 to 52). The greatest increase took place between 1980 and 1986. This period corresponds to the significant NPAO entry and growth beginning with Davies Hall in 1980.

Two of the more significant areas of business growth involved restaurants and professional offices. Below is a break down of these establishments over the 1975-86 period.

TABLE 3: Breakdown of Restaurant and Professional Office Growth

	1975	1980	1986
Restaurants	10	11	21
Professional Offices	15	12	33

Between 1980 and 1986, the number of restaurants more than doubled, and the number of professional offices almost tripled.

There was also a high rate of business change during the 11- year period. We estimated business change as change in ownership and as change in type of business during the periods 1975-1980, 1980-1986, and over the full period 1975-1986. Table 4 reports the results.

TABLE 4: Estimated Change Rates of Civic Center Businesses, 1975-1980, 1980-1986, and 1975-1986, for individual businesses and for types of business

Period	Individual Businesses* % Changed	Types of Business** % Changed
1975-1980	49%	36%
1980-1986	55%	45%
1975-1986	78%	62%

* Indicates a change of ownership, but not necessarily a change in type of business.
** Indicates a change in type of business (e.g., a restaurant becomes a nightclub).

Table 4 shows that there has been a good deal of business turnover during the entire 11-year period, with a distinct acceleration between 1980 and 1986. This more recent business turnover is indicative of the growth and change our model pre dicts will result from NPAO stimulus. We know from Tables 2 and 3 what types of businesses have increased in the Civic Center. These changes correspond to the prediction that there will be a shift in businesses to those directly benefitting from NPAO activity, e.g. restaurants, and to those indirectly benefitting from arts-stimulated improvements in neighborhood

ambience, e.g., professional offices. The 1980-86 period, when the greatest amount of business turnover occurred, was also the period with the most significant NPAO growth.

The linkage of business growth to NPAO entry is further supported by our interviewees, most of whom definitely perceived a connection between arts activity and the rise of commercial activity during the post-Davies Hall opening period. One informant described the Civic Center as a "ghost town" at night before Davies Hall was opened.

b) Mail Survey of Civic Center Merchants: Findings

As noted, the business turnover study provided the population for a mail survey of 141 owners and managers of currently active Civic Center businesses. This was not a sample but a nearly complete enumeration of all business in the appropriate areas of commerce. Our response rate was 33%, quite respectable for mail surveys of this sort. [11] Our mail survey of Merchants adds information, most of which is consistent with the NPAO stimulus model. (The entire mail questionnaire package is attached as Appendix H.)

Sample Characteristics Table 5 summarizes information describing our sample of 46 Civic Center businesses. The sample constitutes 33% of the total survey population of 141 businesses. A sample of this size and proportion means that we can be 95% certain that the true population values are within plus-or-minus 12% of the percentages reported in Table 5.

Table 6 shows the frequency distribution of Mail Survey merchants by business-type compared with that obtained from the land use survey. Although Table 6 reveals some bias in the merchant sample towards direct arts-related businesses, the distortion is moderate, and more than half of the sample merchants are not in the direct arts-related group.

TABLE 5: Sample Characteristics of a Mail Survey of Civic Center Merchants (September, 1986)

Sample Size: ("N" in column 4 for each characteristic=# responding to the question)
(N=46)

Percentage of all merchants:		33%	
Tenure:	Owners	19%	
	Renters	81%	
		100%	(N=43)
Year Business Located in Civic Center:	Before 1975:	11%	
	Before 1980:	15%	
	1980-1982:	35%	
	1983-1986:	39%	
		100%	(N=36)
Square Footage:	Less than 1,000 ft. sq.:	31%	
	1,000-2,000:	41%	
	More than 2,000 ft. sq.:	28%	
		100%	(N=36)
Full-time employees:	4 or fewer:	55%	
	5 or more:	45%	
		100%	(N=38)
Part-time employees:	4 or fewer:	82%	
	5 or more:	18%	
		100%	(N=33)
Monthly commercial rent:	Less than $1,000	33%	
	$1,000-$2,500:	36%	
	More than $2,500:	30%	
		100%	(N=33)
% Rent increase since 1975 or since first opened business:	Less than 25%	39%	
	25-49%	18%	
	50-74%	0%	
	75-99%	4%	
	100% or more	29%	
	Don't know, can't say	11%	
		101%	(N=28)

TABLE 6: Distribution of Mail Survey Merchants by Business Type Compared with Distribution Found in Land Use Survey, 1986

Type	Land Use Survey	Sample Merchants
Profit Arts	6%	15%
Arts Suppliers	1%	3%
Audience Caterers	17%	18%
Ambience Seekers	6%	10%
Neighborhood Services	19%	20%
Regional Service	35%	33%
Other Retail	14%	3%
Other Commercial	2%	0%
	100%	**102%**
	(N=150)	(N=46)

Impact of the Arts on Neighborhood Economy

Our model predicted a number of economic changes following significant NPAO entry into a neighborhood. We expect increases in capital expenditures and business revenues. We also expect neighborhood businesses to adapt to the needs and tastes of NPAO employees and/or audience clientele. Also predicted was an increase in the perceived level of neighborhood safety following significant NPAO entry and, if growth is strong and persistent, a substantial increase in rents.

The mail survey asked questions probing both the direct and indirect economic impacts of NPAOs. Table 7 summarizes our key results.

TABLE 7: Business Managers' Level of Agreement or Disagreement with Statements Regarding Economic Impact of the Arts in the Civic Center

Statement	Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree	Can't Say	%	N
"The arts in my neighbrhd have contributed to a safer business environment."	59%	35%	2%	%	2%	100%	46
"If all the arts in my neighbrhd were replaced by other types of organizations or businesses, my business would not suffer."	24%	28%	13%	30%	4%	101%	46
"The arts in my neighbrhd attract customers to my business who would not otherwise come."	28%	28%	13%	22%	9%	100%	46
"I change the work schedule of my employees to fit with the scheduling of arts performances or exhibits in my neighbrhd."	20%	9%	11%	52%	9%	101%	46
"My business has a special appeal to patrons of arts performances or exhibits in my neighbrhd."	26%	17%	15%	33%	9%	100%	46
"I have in some ways altered the design or decor of my business establishment to appeal to arts patrons in my neighbrhd."	20%	37%	13%	26%	4%	100%	46
"The arts have been a major cause of parking problems in my neighbrhd"	23%	23%	23%	28%	5%	102%	38

Overall, the results of Table 7 support the claim that arts organizations are perceived by business managers to have significant direct and indirect positive impacts on their businesses. The most agreed on impact appears to be the effect of NPAOs on neighborhood safety. Of those responding, 59% "strongly agreed", and another 35% "somewhat agreed" that the arts have contributed to a safer business environment.

Another notable impact of NPAOs has been in "business adaptation" to the arts. To this question 57% of the respondents either "strongly" or "somewhat agreed" that they have altered the design/decor of their businesses to appeal to arts patrons, and 29% said that they arrange their work schedules to fit the scheduling of arts activities/performances. Further, 43% of businesses surveyed disagreed with the statement that "if arts were replaced by other establishments, (their) business would not suffer", 56% agreed that "arts attract customers who would not otherwise come to the area", and 43% believe that their business has a "special appeal" to arts patrons.

An interesting insight into NPAO impacts is revealed in the question regarding parking problems. Here, 46% either "strongly" or "somewhat agreed" that "arts have been a major cause of parking problems in the neighborhood." On the one hand, this is further evidence that the arts are pulling noticeable numbers of people, potential customers, to the neighborhood. But, parking problems may have the negative effect of deterring some potential customers from coming to the neighborhood.

NPAOs and Audience as Customers One of the more direct indicators of NPAO economic impact is the degree to which arts employees and audiences patronize neighborhood businesses. Table 8 reports the responses to the survey question asking businesses to "make an educated guess as to the percentage of your customers who are employees or patrons of the arts in your district."

TABLE 8: Estimated % of Arts employees/patrons who are customers of local business

Proportion of Customers	Responses	
None	11%	
1-5%	20%	
6-10%	7%	
11-15%	9%	
16-20%	11%	
21-40%	14%	
More than 40%	16%	
Can't Say/Don't Know	11 99%	(N=44)

From Table 8 we can see that 50% of the businesses surveyed estimated that over 10% of their customers are from the arts. Nearly 1 in 3 said that their "arts" customers number over 20% of their total customers. and a significant 16% get over 40% of their customers from arts employees/patrons. These results clearly support the view that the arts have contributed to an increase in customers to local businesses.

Location Decisions One portion of our questionnaire addressed the issue of location considerations by managers in choosing the Civic Center neighborhood. The results are summarized in Table 9.

TABLE 9: Factors Contributing to Civic Center Business Location Decisions .

Factors	Very Important	Somewhat Important	Not Important	Can't Say/DK	%	N
(..the rent or purchase price of the property)	57%	24%	4%	15%	100	46
(..the anticipated commercial growth in the district)	59%	20%	5%	7%	101	45
(..the level of safety in the neighborhood)	37%	46%	11%	4%	98	45
(..the presence of arts organizations in the neighborhood)	26%	37%	26%	11%	00	46
(..the prospect that arts employees or audiences would patronize your business)	24%	37%	30%	9%	00	46

As shown in Table 9, well over one-half (63%) of respondents said that the presence of the arts was "strongly" or "somewhat important" to their location decision. Additionally, 61% said that the "prospect that arts employees or audiences would patronize" their business was "very important" or "somewhat important" to their location decision.

The question regarding "the rent or purchase price of property" tested the dual assumptions: a) that low rents and/or low property purchase costs serve as a positive inducement in business location decisions, and b) that economically declined neighborhoods offer low rents. These assumptions were based on our model and from statements made by our interviewees. For example, one restaurant owner interviewed referred to the initial rental terms as "a little lower than average," another as an "exceptionally good deal". Both said that this fact facilitated their choice of the Civic Center location.

Over one-half of our respondents (57%) stated that rent or purchase price was "very important" to their location decision. An additional 24% said that this factor was "somewhat important." Thus, 81% of respondents cited low rent or low purchase price of property as significant in determining their move to the Civic Center neighborhood.

The question regarding "anticipated commercial growth" provides a test of our model's prediction that the neighborhood commercial growth process can become cumulative and reinforcing. Anticipated commercial growth was "very important" to the location decisions for 59% of our sample, and another 20% said that this factor was at least "some what important."

Changes in the Business Environment Responses to the survey question, "From the time you first opened your business in this district, would you say that the business environment has (improved, remained the same, deteriorated)" revealed that a considerable 87% of survey merchants said that the business environment has improved since they located to the Civic Center neighborhood.

The questions in Table 10, below, were designed to determine if the arts contributed to an improved business environment.

TABLE 10: Contributions of Arts to Improving Business Conditions and Financial Success

Question	Very Important	Somewhat Important	Not Important	Can't Say Don't Know	%	N
In your judgement, what contributions have arts organizations made, directly or indirectly, towards improving business conditions in your district?	44%	37%	13%	6%	00	46
In your judgement, what contributions have arts organizations made, directly or indirectly, to the financial success of your business in this district?	24%	35%	33%	9%	100	46

Table 10 shows that 44% of managers said that the arts were "very important" to improving business conditions in the Civic Center, while for an additional 37%, the arts were "somewhat important." Thus, a total of 81% credit the arts with improving business conditions. It is apparent from these results that a very large majority of business managers feel that the arts have contributed importantly to the improved business environment in the Civic Center.

In terms of profit and loss experience, 24% of respondents indicate that the arts were "very important" to the financial success of their businesses, and 35% say that the arts were "somewhat important" to their financial success. Thus, 59% of managers attributing some degree of the financial success of their businesses to neighborhood arts presence.

The figures shown in Table 10 provide strong evidence that the arts have had a significant positive impact on neighborhood business in the Civic Center area.

Neighborhood Safety Three questions in our survey addressed the issue of neighborhood safety. Over 75% of our respondents said that the perceived level of safety in the neighborhood was "very" or "somewhat important" to their location decisions (Table 9). Further, 94% of business managers agreed that "the arts in my neighborhood have contributed to a safer business environment" (Table 7). Responses to a third question addressing the safety issue are shown in Table 11:

TABLE 11: Responses to the Question Regarding Arts Contribution to a Safe Business Environment

Question	Very important	Somewhat Important	Not Important	Can't Say Don't Know	%	N
In your judgement, what contributions have arts organizations made, directly or indirectly to the safety of the business environment?	33%	52%	4%	11%	100	46

A total of 85% of respondents indicated that the arts have made a "very" or "somewhat important" contribution to a safe business environment.

Summarizing our findings from the three safety questions, it is apparent that safety has been an important concern of Civic Center business managers and that arts in the Civic Center have played a significant role in improving the safety of the business environment.

An additional aspect of economic growth included in our survey was increased space costs, as these related to neighbor hood businesses.

Increased Space Costs Some merchants had difficulty in figuring their rent increases (in terms of percentage figures, as presented in the questionnaire), and some had apprehension about answering a specific question on their business finances. Consequently, some respondents declined to answer this question. Additionally, some businesses owned their business property. These factors significantly reduced the response rate for this question (28 responses) making the results too unreliable and ambiguous to report on.

Open Ended Comments A final question on our merchant survey questionnaire asked respondents to make any comments they might have on the impacts of the arts in their commercial district.

These comments indicate that the importance of arts audiences to some area businesses is considerable. For example, one restaurant owner said that she has closed her restaurant in August because this is when the Opera House and Davies Hall are closed.

In particular, comments made by our merchant respondents underline the importance of arts presence in the Civic Center in improving general and business environment. For example, one respondent remarked that "[the arts are] making the area a lovely, exciting place."

Another commented that "..arts organizations in the neighborhood give [the Civic Center] an identity and attract those interested [in art]." A third respondent wrote that "[arts'] impact is positive through attraction of people who have expendable income, [and that] the improvement also brings about a more solvent resident population."

Finally, one merchant's statement perhaps sums up the importance which NPAO presence can have in a badly declined neighborhood. He comments that "without the arts in the area, [the neighborhood] would be a no-man's land slum."

A summary of additional responses is provided in Appendix D.

Conclusions of Civic Center Study

It is evident from our survey data that a distinct majority of Civic Center business managers perceive neighborhood arts presence as having a generally positive impact on area businesses. Perhaps the most notable direct impact of NPAOs have been the increase in numbers of area business customers which managers have attributed to arts presence, i.e., arts employees and especially arts audience. Among the indirect impacts of NPAOs has been the improved level of neighborhood safety which managers feel is linked to arts presence.

Survey results have also demonstrated adaptation by a significant proportion of neighborhood businesses to attract arts customers. Adaptation has included altering the decor of business establishments, and scheduling employee work hours to correspond to arts performances/activities.

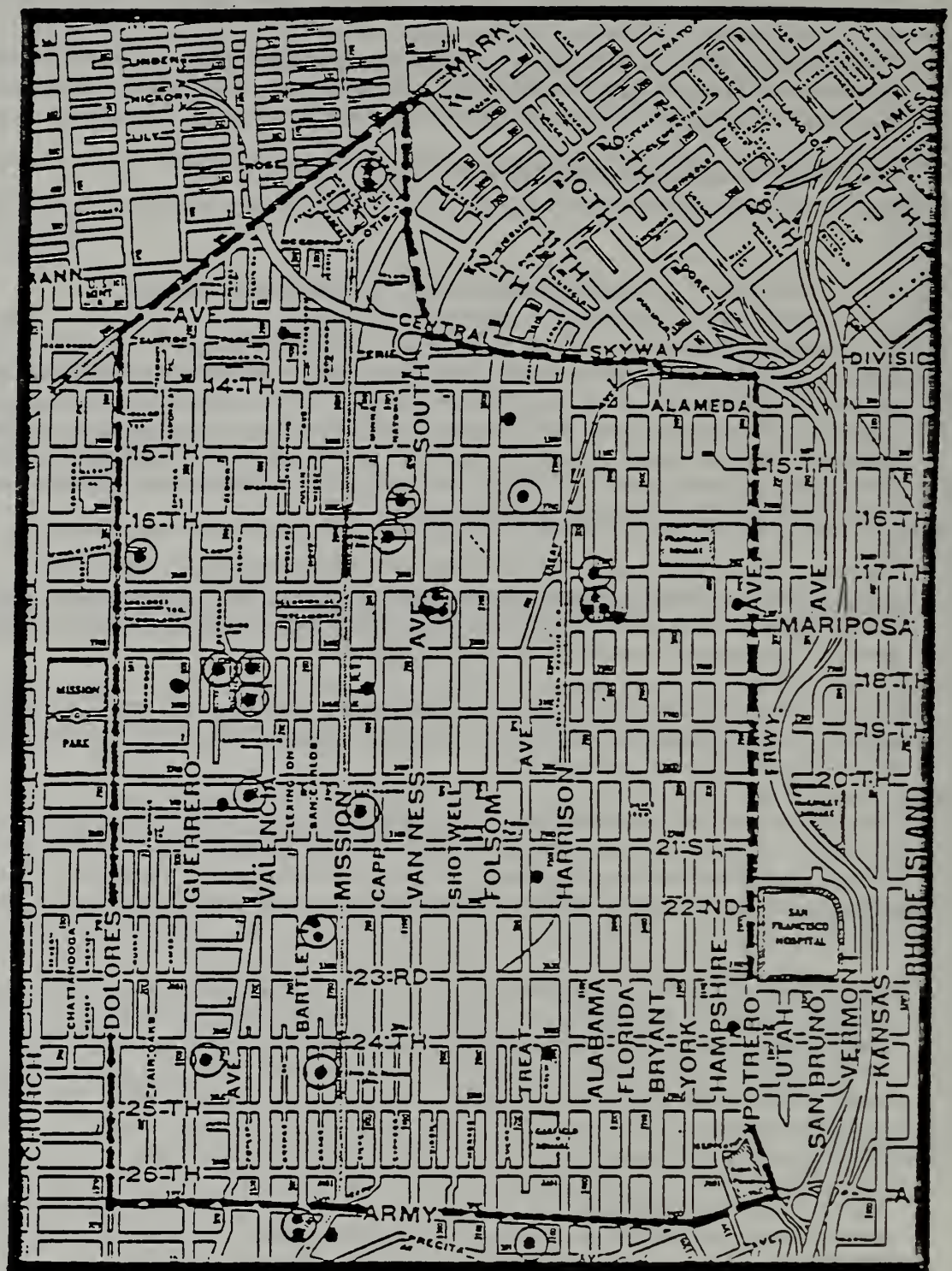
Some businesses have adjusted their merchandise to have a special appeal to arts patrons, and some new businesses such as antique and art galleries have located in the area because of the presence of arts customers.

Our land use survey demonstrated that significant growth of new businesses occurred in the Civic Center commercial district between 1980 and 1986. This growth, following new NPAO expansion and entry beginning in 1980, was in large part a shift away from marginal businesses and vacancies, especially to "upscale" restaurants and professional offices.

Interviews with key neighborhood observers from both the public and business sectors generally confirmed that economic growth in the Civic Center was facilitated and stimulated by new NPAO expansion and entry. Davies Hall was cited as the watershed arts development in the Civic Center because it made possible three times the arts activity over previous levels due to the increase in performance space which it provided. This development, in turn, resulted in significant numbers of new arts employees and art patrons in the neighborhood.

The Civic Center neighborhood appears to be a case where NPAO entry and economic stimulus occurred largely in ways consistent with the process described in our model. The neighborhood was an economically depressed area when it attracted the arts. The main attraction was the supply of large amounts of relatively low cost land and space. Business growth followed. **However, in the Civic Center, low cost land and space was substantially facilitated by its public ownership or public control. Because of this, local public policy played a major role in NPAO growth.**

FIGURE 4: Map of the Mission with NPAOs Indicated



legend

- neighborhood boundary
- arts facility
- arts organization
- organization within facility

The Mission [13]

The map opposite (Figure 4) shows the neighborhood boundaries for the Mission with points indicating NPAO locations. (For a list of Mission NPAOs see Appendix F.)

The Mission neighborhood contains the second largest concentration of NPAO activity of all San Francisco neighborhoods. The arts activity in the Mission is **characterized primarily by performance spaces, or theaters,** (e.g. Theatre Rhinoceros, Eureka Theatre, Theatre Artaud) **which tend to reflect more "experimental" or avant-garde art** than that in the Civic Center, **and Latino arts organizations.** Additionally, many non-profit arts organizations studied are recently established (1980 through 1986). As such, major arts activity in the Mission neighborhood is a relatively new phenomenon.

Key Economic Features of NPAOs in the Mission Neighborhood

Below are the amounts of expenditures, employment and audience attendance for the Mission neighborhood for 1985.

Table 12: Selected Direct Aggregate Economic Impacts of NPAOs in the Mission Neighborhood: 1985

	Mission	SF Total	Mission % of SF Total
Expenditures ($ millions)	$4.2	$88	5
FTE Employment	482	3500	4%
Audience Attendance	532,000	5 million	11%

Source: PRI "San Francisco Arts Organizations: An Economic Profile" Chapter One.

Below is a broad estimate of the total Mission NPAO audience arts-ancillary potential expenditures for 1985 [8]. Again, these figures represent an estimate of "upper limit" expenditures that audiences might spend in the neighborhood. (See Appendix C for an explanation of this calculation.)

Tourist Expenditures: $ 1,808,800

Visitor Expenditures: $ 5,913,180

Resident Expenditures: $12,918,556

Background

The Mission District is one of the oldest communities in the city of San Francisco. A composition of diverse land uses (industrial, business and residential) which had been established early in the history of the neighborhood, is still present. Additionally, many of the current businesses have been in operation for a long time. Hence, the Mission may be described as more "entrenched" in terms of already established land uses, and perhaps less immediately susceptible to the sweeping kinds of growth and change which has occurred recently in the Civic Center.

Building Stock The Mission is characterized by a diverse economic base, with a history of industrial as well as commercial activity and an emphasis on retail business. Although some segments of the Mission economy may be described as "thriving", other segments are in decline. For example, industrial activity has sharply diminished in recent years. Therefore, the Mission industrial district, where most of this activity was concentrated, has undergone economic decline. This area, which some refer to as the "Inner" Mission, has experienced the general trend of industrial out-migration from the central city noted earlier in this report. Many of the industrial structures have been vacated by their manufacturing and warehouse tenants, and have subsequently provided local artists with the kind of low cost, arts-useable structures described in our model.

One of the first pioneering arts organization to move into an industrial structure in the North Mission was Project Artaud. This organization, essentially an art collective of about 70 members at its inception, purchased the building as a live-work facility in 1971. Theatre Artaud, which is now the official non-profit organization utilizing the facility, began as a performance theater at this location in 1984.

Much of the growth of NPAOs in the Mission neighborhood is a recent phenomenon, most having occurred during the 1980's. Below is a partial list of Mission NPAOs and their opening dates: (For a full list of Mission NPAOs, see Appendix F.)

	Date Opened *
Theatre Rhinoceros	1980
Eureka Theatre	1983
New Performance Gallery	1983
Theatre Artaud	1984
Intersection for the Arts	1986

*(As a performance facility at their Mission location.)

Most of the new NPAO entry and growth has taken place in the Inner Mission, or industrial district. The Eureka Theatre, the New Performance Gallery, Theatre Artaud, and Theatre Rhinoceros are all located there. Most of these arts organizations have moved into what were formerly industrial structures; much as our model outlines. The area was economically declined and had a substantial supply of low cost, potentially arts usable space, which attracted NPAOs. The structures were seen as adaptable to arts uses (e.g., rehearsal, performances) because of their large size and relatively vast, open spaces. One of our arts interviewees stated that her organization was attracted to its present building because of the low rent and because of the flexibility of the space which enabled her

organization to adapt it to different needs (theatre-in-the-round), and because "they knew that a warehouse would be well suited for this purpose."

Safety Our interviewees felt that the Mission (at least in the sub-areas where NPAOs are located) is often perceived as dangerous. In the industrial district, the principal safety problem appears to be car break-ins which occur mostly at night while people may be attending arts performances. However, this problem has been described as "minor." Efforts have been made by NPAOs and local businesses to address the issue of safety. For example, one theater and one restaurant have each, on occasion, hired security guards to "watch over" patrons' cars at night. Additionally, Mission NPAOs have made organized requests to the City for better street lighting and more police patrols.

Among the reasons given for these safety problems and the perception of the industrial district as unsafe, are the lack of foot traffic in the area (mainly at night), and poor street lighting. As one interviewee put it, "the inner Mission is not a 'walking' neighborhood. . . the neighborhood clears out at 5 p.m. (when employees in the active industrial businesses get off work), except for theatre audiences." By contrast, an interviewee from an NPAO located in the "central" Mission, stated that she felt her area might be safer than the industrial district because of its "street lighting, active after-work-hour businesses (e.g., restaurants) and greater foot traffic."

Survey Research of the Mission Neighborhood

With modifications to meet budget limitations, we used the same research methods in the Mission as in the Civic Center Study: a land use use survey, a merchant survey, and personal interviews. It is important to emphasize that our surveys in The Mission were more informal and more selective and designed largely to check the generality of key findings from the Civic Center merchant survey, rather than an in-depth study of the area.

The Mission differs from the Civic Center in the following ways:

1) The Mission encompasses a much larger geographic area.

2) The Mission commercial district is far less concentrated than that in the Civic Center and actually contains several distinct areas of commercial activity.

3) The major concentration of Mission NPAOs are in the industrial district (Inner Mission) and are, in good part, isolated from retail activity in their immediate vicinity.

4) There is a substantial and important Latino orientation in many of the NPAO's and businesses in The Mission.

5) The Mission has many long established very local neighborhood-serving businesses which are very unlikely to be affected by audience impact types of neighborhood change.

Taking these characteristics into consideration, we defined our Mission survey populations according to the following criteria:

1) For the land use survey:
a) We identified concentrations of NPAOs (3 or more NPAOs) and surveyed the first 4 blocks in one direction of streets extending away from the NPAO cluster.

b) We surveyed only streets with substantial commercial activity, as some streets extending from NPAO clusters were primarily residential.

2) For the merchant survey:

a) We used the Civic Center merchant survey results to identify, for survey only, those business types in our Mission land use survey which were most likely to be affected by NPAO presence (e.g., bars, restaurants, boutiques). .

b) We eliminated from our survey those bars which on inspection appeared to mainly serve a clientele of very local residents and which seemed unlikely to appeal to arts audiences.

c) We eliminated whole street blocks which had 2 or less of the selected types of business described above.

This selection process, gave us a merchant survey population of 101 businesses. Because of time limitations, we conducted a door-to-door survey using the same questionnaire employed in the Civic Center.

The Mission merchant survey was conducted on three separate days in mid-January; one Saturday, and two weekdays. We made certain to include evening business hours (from 5:00 to 6:00 p.m.) in order to include those restaurants which did not open until the dinner hour. A total of 33 merchants responded to our survey, a response rate of 33%.

Analysis of The Mission as a multi-cultural community was limited. However, later in the chapter we include the perspective of one well-informed and experienced NPAO representative on this issue. While this information is of substantial importance, it should be clear that it was not derived from a systematic survey of a large population.

The Mission Land Use Survey

Because the Mission land use survey was highly selective in coverage, it cannot be used as a measure of business growth and change for the whole Mission commercial sector. Instead, we used the survey to provide us with a list of businesses from which to draw our merchant survey population. In Table 13 below, we provide a list of the 1986 business types which were drawn from the land use survey for use as the merchant survey population.

TABLE 13: Types of Business in the Mission Merchant Survey Population,1986

Type of Business	1986
Art Galleries	3
Entertainment	3
Music Store	1
Bars	8
Coffee Shops	14
Restaurants	38
Antiques	1
Clothing	1
Neighborhood Services	3
Books	6
Professional Offices	13
Other Retail	1
Printing/Mfg.	7
Posters	2

	101

The Mission Merchant Survey

Sample Characteristics Table 14 summarizes information describing our sample of 33 Mission businesses.

TABLE 14: Sample Characteristics of a Survey of Mission Merchants (January 1987) (N=number of respondents to question)

Sample Size:		33	
Tenure:	Owners	22%	
	Rent	78%	
Year Business Located in the Mission:	Before 1975:	16%	
	1975-1979:	13%	
	1980-1982:	16%	
	1983-1986:	55%	(N=31)
Square Footage:	Less than 1,000 ft. sq.	12%	
	1,000-2,000:	56%	
	More than 2,000 ft. sq.:	32%	(N=25)
Square Footage in 1975:	Less than 1,000 ft. sq.:	0%	
	1,000-2,000:	55%	
	More than 2,000 ft. sq.	35%	(N=20)
Full-time Employees:	4 or fewer:	54%	
	5 or more:	46%	(N=28)
Part-time Employees:	4 or fewer:	5%	
	5 or more:	25%	(N=20)
Full-time Employees in 1975	4 or fewer:	69%	
	5 or more:	31%	(N=26)
Part-time Employees in 1975:	4 or fewer:	69%	
	5 or more:	31%	(N=16)
Monthly Commercial Rent:	Less than 1,000	39%	
	$1,000-$2,500:	52%	
	More than $2,500:	9%	(N=23)
% Rent Increase Since 1975 or Since First Opened Business:	Less than 25%	50%	
	25-49%	9%	
	50-74%	9%	
	100% or more	5%	
	Don't know, can't say	27%	(N=22)

The Mission merchant survey results are generally consistent with the results of the Civic Center merchant survey. In most cases, percentage responses to the survey questions did not differ by more than 15%. Table 15 compares results from the two surveys on two key questions concerning the economic impact of the arts.

TABLE 15 : Comparison of Responses from Civic Center and Mission Merchant Surveys to Two Questions About the Arts

Question	CIVIC CENTER Very or Somewhat Important	MISSION Very or Somewhat Important
"In your judgment, what contributions have arts organizations made, directly or indirectly, toward improving business conditions in your district?"	81%	69%
"In your judgment, what contributions have arts organizations made, directly or indirectly, to the financial success of your business in this district?"	59%	53%

Table 15 shows that in both neighborhood commercial districts (reasonably close to a NPAO concentration) a majority of merchants believe that arts organizations contribute directly or indirectly to the success of their businesses, and a strong majority believe that arts organizations have directly or indirectly contributed to an improvement of neighborhood business conditions.

Table 16, reports findings regarding the perceived influence of the arts on local businesses.

TABLE 16 : Mission Survey Responses to Questions About Arts' Influence on Local Businesses .

Statement	Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree	Can't Say	%/N
"The arts in my neighborhood attract customers to my business who otherwise would not come."	24%	42%	6%	12%	12%	97%/32
"I change the work schedule of my employees to fit with the scheduling of arts performances or exhibits in my neighborhood."	9%	24%	2%	24%	27%	97%/32
"I have in some ways altered the design or decor of my business establishment to appeal to arts patrons in my neighborhood."	33%	33%	3%	12%	8%	100%/33

Table 16 shows that 66% of responding Mission survey mer chants "strongly" or "somewhat agreed" that arts attract new customers to their neighborhood. The Civic Center survey response was 56%. Acknowledging that the Mission sample group was focused on those businesses thought most likely to be affected by the arts (e.g., restaurants), it is nonetheless significant that a majority of Mission merchants from our survey credit the arts with bringing new customers to their neighborhood. As in the Civic Center, these results indicate that arts' presence in the Mission has had a direct, positive impact on some local businesses.

The second and third statements in Table 16 represent adaptation by businesses to attract arts-related customers. To the statement, "I change my employee work schedules to correspond to art performances/exhibits," one-third of responding merchants either "strongly" or "somewhat agreed". (Civic Center survey responses, showed 29%.) A strong majority (67%) of Mission survey merchants "strongly" or "somewhat agreed" with the claim that they have "altered the design or decor" of their establishments to appeal to arts patrons. (The corresponding Civic Center survey response was 57%.)

Next, we examine the importance of the arts to business location decisions in the Mission. Table 17 lists the responses to two arts-related factors in business location decisions.

TABLE 17 : Influence of Arts-Related Factors on Mission Business Location Decisions

"As a factor in deciding to locate your business in this commercial district, how important was:"

Question	Very Important	Somewhat Important	Not Important	Can't Say	%/N
"...the presence of arts organizations in the neighborhood."	33%	4%	15%	18%	100%/33
"...the prospect that arts employees or audiences would patronize your business."	34%	42%	12%	12%	100%/33

As shown in Table 17, a substantial majority of Mission survey merchants (67%) indicated that the presence of the arts in the neighborhood was "very" or "somewhat" important to their location considerations. (In the Civic Center survey the response was 63%.) Over 75% of Mission survey merchants said that anticipated business from arts patrons was "very" or "somewhat" important to their location decisions. (Civic Center survey figure was 61%.)

Table 18 presents merchants' "educated guesses as to the percentage of your customers who are employees or patrons of the arts in your neighborhood."

TABLE 18 : Mission Merchant Estimates of the Percentage of Arts-Related Customers

% of Estimated Arts-Related Customers	% Merchant Responses
None	3%
1-5%	9%
6-10%	18%
11-15%	3%
16-20%	3%
21-40%	12%
More than 40%	15%
Can't Say, Don't Know	33%

Table 18 shows that a majority of our Mission survey respondents (60%) perceive that a noticeable percentage of their customers are arts employees or patrons. Additionally, one-third of these merchants estimate that over 10 percent of their customers are arts-related, while 15% attribute more than 40% of their customers to the arts. **These findings clearly indicate that neighborhood arts are contributing significant additional customers to close proximity, potential audience attracting area businesses. For some Mission businesses, arts-related customers make-up a substantial proportion of their clientele.**

Neighborhood Safety

Table 19 shows that 58% of Mission merchants either "strongly" or "somewhat" agreed that the arts have contributed to a safer neighborhood business environment. In the Civic Center merchant survey, the percentage of merchants responding in these two categories was 94% . To the second safety question in Table 19 - 50% of Mission merchants indicated that the arts made "very" or "somewhat" important contributions to the safety of the business environment in their neighborhood. The Civic Center merchant responses in these categories totalled 85% . As the difference in these figures show, Civic Center merchants gave far greater credit to the arts for improving neighborhood safety than did Mission merchants.

Table 19: Responses to Safety Questions from the Mission Merchant Survey

Question	Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree	Can't/Don't Say/Know
"The arts in my neighborhood have contributed to a safer business environment."	27%	30%	12%	3%	27% N=33
		Very Important	Somewhat Important	Not Important	Don't Know Can't Say
"In your judgement, what contributions have arts organizations made, directly or indirectly, to the safety of the business environment?	4%	24%	9%	39%	N=32

Thus, the principal exception to the strong consistency in results between the Civic Center and Mission merchants were responses to those questions regarding neighborhood safety. Mission merchants indicated that the arts do make substantial contributions to safety, but assign considerably less importance to neighborhood safety than that expressed by Civic Center merchants. Reasons for this difference in survey results might be: 1) that the dispersal of the arts throughout the Mission, as contrasted with the high concentration of arts in the Civic Center, has prevented the creation of enough additional audience foot-traffic to make any noticeable differences in neighborhood safety; 2) that the pre-NPAO entry safety conditions were less severe; 3) that the NPAOs in the Mission have been less successful than those in the Civic Center in obtaining increased police patrols and better street lighting; or 4) that Mission merchants are less aware of those efforts.

One specific aspect of increased neighborhood safety was described by an interviewee as an increase in cultural pride (referring to the Latino culture in The Mission) which occurs when art/cultural events, such as the 24th Street Festival, bring together families, youth and seniors in celebration. This group participation in activities creates a neighborhood environment which is perceived to be safer.

The Mission's Latino Community

A very important and distinct component of NPAOs in the Mission are those reflecting Latino culture. This study was unable to give this group and its interaction with neighborhood economic activities the systematic research attention it warrants. Here we offer the distillation of an interview with a knowledgeable and experienced member of the Latino arts community, Juan Pablo Gutierrez, Development Director of the Mission Cultural Center.

Overall, the interaction between Latino arts activities and neighborhood economic development is consistent with the predicted impacts and change outlined in the general model. However, some distinct characteristics, discussed by Mr. Gutierrez, are particular to this sub-group. They are summarized as follows:

1) Two of the most pivotal and influential Latino NPAOs have been active in the Mission for over 10 years: Galeria de la Raza since 1971 and the Mission Cultural Center since 1977.

2) Low cost space in the Mission has a positive appeal to Latino NPAOs as well as non-Latino NPAOs. The demand for thjis space sometimes results in competition for space.

3) Ethnic art and cultural events, which draw large numbers of people, are an integral part of the economic base for neighborhood merchants. The Latino arts community has effectively demonstrated the commercial strength and appeal of fusing art and culture, especially in the form of events. The 24th Street Festival drew 4,000 in 1977, attracted 120,000 people in 1986. Major corporations eagerly support such events.

4) Art and cultural events have also had a positive impact on neighborhood safety, particularly through the mechanism of developing cultural pride and bringing together all age groups in common celebration.

5) The impact of Latino arts on the business environment is evident in the abundance of murals, the color schemes of many buildings, and the increasing display of contemporary Latino art in neighborhood retail establishments and professional offices.

These important observations differ in character from other research in this report because they present the viewpoint of one person. While the impact of these observations cannot be explored here, they establish a base for a more systematic inquiry in the future. (See Appendix I)

Conclusion

Results from the Mission neighborhood study generally closely corroborate the findings of the Civic Center study on key points. The main exception is on the issue of safety where the arts contribution is rated significant, but substantially less so than in the Civic Center.

Because the Mission study results are based on an informal, selective sample, more rigorous research is required in order to draw definitive conclusions.

Footnotes

[1] "Neighborhood" Defined:

As used in our model, "neighborhood" means a geographically bounded sub-area of a city delineated by quasi-political, economic, social and physical criteria. The area is large enough to have a significant land use mix such as: residential, local retail and neighborhood export activities, e.g. commercial services, warehousing-distribution and manufacturing. The "neighborhood" is an area of a city which has become recognized by government and the local population as being distinct and warranting some forms of discrete treatment. In this study we have taken the neighborhood definitions and boundaries used by the San Francisco City Planning Department.

[2] In some cases, as in the area immediately to the west of the Civic Center, City redevelopment actions, premised on the judgement that the area was economically depressed and dilapidated, cleared portions of land to facilitate new land uses.

[3] See Dimaggo, Useem and Brown. See also demographic findings in the Arts Audience Chapter.

[4] In some cases, this took the form of "live-work" space, i.e., the adaptation of industrial space to accommodate both arts activity and artist residence in immediate proximity.

[5] We were helped here by Chris Frederiksen, William Baer and Helene Fried of the Facilities Study.

[6] "FTE Employment" means full time equivalent jobs. The full time equivalent estimate is the sum of the reported full time jobs plus .33 x the sum of the reported part-time jobs.

[7] A discussion of NPAO distribution and levels of direct economic impacts in San Francisco neighborhoods is in Chapter One: "San Francisco Arts Organizations: An Economic Profile".

[8] By "arts-ancillary expenditures" we mean event related spending by an audience on activities such as eating and drinking out, lodging, transportation and parking. A full discussion of audience expenditures is in Chapter Two: "A Demographic and Economic Profile of San Francisco's Non-profit Arts Audience."

[9] The following information is largely derived from the inter views we conducted with representatives of arts organizations, public land use agencies, and local businesses. (For a list of these interviews, see Appendix B.)

[10] Beth Murray at the San Francisco War Memorial and Performing Arts Center provided this information.

[11] The survey questionnaires were sent out in September of 1986. One week later we sent out reminder postcards. The final questionnaires were tabulated in October 1986.

[12] The question is important and should be addressed by follow- up studies.

[13] Due to limited time and budget, the Mission Neighborhood Study was less comprehensive and less in-depth than the Civic Center Study. We did, however, employ the same research instruments: a land use survey, a merchant survey and personal interviews as in the Civic Center, with some variation. Again, much of the background information for the Mission was derived from interviews with local representatives of NPAOs and businesses. (See Appendix E for a list of these interviews.)

APPENDIX A : List of Art Facilities and Organizations Shown in Figure 3:
Map of Civic Center

--San Francisco Arts Commission Gallery 155 Grove Street
--Herbst Theater 401 Van Ness Avenue
--Davies Symphony Hall Van Ness & Grove
--Western Additional Cultural Center 762 Fulton Street
--Opera House 301 Van Ness
--San Francisco Ballet Building 455 Franklin Street

--San Francisco Costume Bank 762 Fulton Street
--San Francisco Chamber Orchestra 1548 Market Street
--Archives For The Performing Arts 301 Van Ness Avenue
--San Francisco Arts Commission 45 Hyde Street
--Concert & Festival Opera 1182 Market Street
--Circuit Network 276 Golden Gate Avenue
--Khadra International Folk Ballet 1182 Market Street
--San Francisco Neighborhood Arts Program 45 Hyde Street
--San Francisco Symphony Association Davies Hall
--San Francisco Performances 7th and Market Streets
--Memorial Day Parade Mayor's Office, City Hall
--Veterans Day Parade Mayor's Office, City Hall
--Chamber Music Sundaes Davies Symphony Hall
--San Francisco Boys Chorus 625 Polk Street
--George Coats Performance Works 1232 Market Street
--Wajumbe Cultural Institution 762 Fulton Street
--San Francisco Women Artists Gallery 370 Hayes Street
--Artists Embassy International 50 Oak Street
--San Francisco Ballet Association 455 Franklin Street
--San Francisco Museum of Modern Art 401 Van Ness
--San Francisco Opera 301 Van Ness
--New Art Gallery 372 Hayes Street

APPENDIX B: List of Civic Center Interviews

1) Richard LeBlond Jr.; past President and Chief Executive Officer, San Francisco Ballet Association.
Date of Interview: March 26, 1986
Researchers Present: Norm Schneider, Angela McBride, Paula Frederick

2) Peter Bolles; Architect
Date of Interview: April 11, 1986
Researchers Present: Norm Schneider, Angela McBride, Paula Frederick

3) Jane Allen; Owner of Kimballs Restaurant and Bar.
Date of Interview: May 1, 1986
Researchers Present: Angela McBride, Paula Frederick

4) Robert Flaherty; Owner of Hayes Street Grill.
Date of Interview: May 7, 1986
Researchers Present: Angela McBride, Paula Frederick

5) Red Kernan and Gene Suttle; San Francisco Redevelopment Agency
Date of Interview: May 22, 1986
Researcher Present: Paula Frederick

6) Gene Suttle; Area Director, S.F. Redevelopment Agency
Date of Interview: May 19, 1986
Researchers Present: Angela McBride, Paula Frederick

7) George Williams; Head of Plans & Programs, S.F. Dept. of City Planning
Date of Interview: June 16, 1986
Researchers Present: Norm Schneider, Rich DeLeon, Paula Frederick, Tiki Leipsic Baron

8) Steve Dobbins; Director & Developer of the Zephyr Theater Complex, Civic Center
Date of Interview: July 18, 1986
Researchers Present: Steve Secrist, Tiki Leipsic Baron

APPENDIX C: Calculations for Audience Arts-Ancillary Expenditures

(See PRI Report: "A Demographic And Economic Profile of San Francisco's Non-profit Arts Audience" for full explanation of calculations.)

For Civic Center

		1985 Civic Ctr.	
Audience Total			
Tourists:	8%	X 1,385,000	= 110,800
Visitors:	45%	X 1,385,000	= 623,250
Residents:	44%	X 1,385,000	= 609,400

Multiply for percentage of audience that is arts-motivated in their spending:

110,800	X 50%	= 55,400	
	623,250	X 60%	= 373,950
	609,400	X 60%	= 365,640

Multiply by spending rate determined for each audience group:

55,400	X $85.00	(Tourist Rate)	= $ 4,709,000
373,950	X $32.00	(Visitor Rate)	= $ 623,250
365,640	X $32.00	(Resident Rate)	= $ 609,400
SUBTOTAL			= $28,375,880

Add in transportation costs for visitors and residents (tourist figure above includes transportation):

Visitor Transportation:	623,250	X $5.50	= $ 3,427,850
Resident Transportation:	609,400	X $3.00	= $ 1,828,200

GRAND TOTAL
= $33,631,955

APPENDIX C: Calculations for Audience Arts-Ancillary Expenditures (continued)

For The Mission

1985 Mission Audience Total			
Tourists:	8%	X 532,000	= 42,560
Visitors:	45%	X 532,000	= 239,560
Residents:	44%	X 532,000	= 234,080

Multiply for percentage of audience that is arts-motivated in their spending:

42,560	X 50%	= 21,280
239,400	X 60%	= 143,640
234,080	X 60%	= 140,448

Multiply by spending rate determined for each audience group:

21,280	X $85.00(Tourist Rate*)	= $ 1,808,800
143,640	X $32.00(Visitor Rate)	= $ 4,596,480
140,448	X $32.00(Resident Rate)	= $ 4,494,336
Sub-total		$10,899,616

*includes transportation costs

Add in transportation costs:

Visitor transportation:	239,400	X $5.50	= $ 1,316,700
Resident transportation:	234,080	X $3.00	= $ 702,240
	Grand Total		**$12,918,556**

APPENDIX D: Summary of Responses to Q.13 of Civic Center Survey

Response

Arts brings customers to respondent's business.

Arts have brought general improvement to the area.

Safety is a current concern.

Safety (police protection) has increased due to arts.

Business does not benefit directly from the arts, but does benefit from restaurants established because of the arts.

Little direct business due to nature of respondent's business.

No economic impact.

Parking is a problem.

Comments of Interest

"It's making the area a lovely exciting place."

"Opera, Symphony, Museums and Galleries...(have) contributed 20% to our business."

"...arts organizations in the neighborhood give it an identity and attract those interested."

"...impact is positive through attraction of people who have expendable income and the improvement also brings about a more solvent resident population.

"The arts need no commercial justification and they are worthy of support because they are the arts - not because it brings in more bucks."

APPENDIX E: List of Mission Interviews

1) Bill Cook; Director, Theatre Artaud
Date of Interview: September 9, 1986
Researchers Present: Paula Frederick, Norm Schneider

2) Lisa Zimmerman; Development Director, Eureka Theatre
Date of Interview: September 26, 1986
Researchers Present: Paula Frederick

3) Catherine Millar; Executive Director, Intersection for the Arts
Date of Interview: October 14, 1986
Researchers Present: Paula Frederick

4) Luc Pelletier; Owner, Le Domino Restaurant.
Date of Interview: October 16, 1986
Researchers Present: Angela McBride, Julie Silliman.

5) Juan Pablo Gutierrez; Development Director, Mission Cultural Center
Date of Interview: May 29, 1987
Researcher Present: Norm Schneider

APPENDIX F : List of Art Facilities and Organizations Shown in Figure 4: Map of the Mission

--Victoria Theater 2961 16th Street
--Mission Cultural Center 2868 Mission Street
--Galeria De La Raza 2851 24th Street
--Margaret Jenkins Dance 3153 17th Street
--Oberlin Dance Collective 3153 17th Street
--Centerspace Dance Foundation, Inc. 2840 Mariposa Street
--5th Annual American Indian Trade Fair and Exposition 225 Valencia Street
--La Mamelle, Inc. 70 Twelfth Street
--Cine Accion 3181A Mission Street
--Theater Guild of San Francisco, Inc. 2961 16th Street
--Latin America Fiesta 34 Liberty Street
--24th Street Cultural Festival 2720 24th Street
--National Japanese American Historical Society 1855 Folsom Street
--San Francisco Mime Troupe 855 Treat Street
--Mixed Bag Production 499 Alabama Street
--Frameline 650 Guerrero Street
--Foundation for Art in Cinema 480 Potrero Avenue
--Carnaval San Francisco 362 Capp Street
--Bay Area Street Styles Youth Festival 3007 24th Street
--Dionysian Duncan Dancers 3435 Army Street
--Bailes Flamenco 3221 22nd Street
--Eureka Theatre Company 2730 16th Street
--Intersection for the Arts 776 Valencia Street
--New Performance Gallery 3153 17th Street
--Lamplighters 347 Dolores Street
--Pacific Dance Theatre; San Francisco's Ballet Celeste, Inc. 347 Dolores Street
--San Francisco Community Music Center 544 Capp Street
--San Francisco Camera Work 70 Twelfth Street
--Theatre Rhinoceros 2926 16th Street
--Studio Eremos 499 Alabama Street
--The Women's Building 3543 18th Street
--Footwork Studio 3221 22nd Street
--La Raza Graphics Center, Inc. 938 Valencia Street
--Theatre Artaud 499 Alabama Street
--Eye Gallery 758 Valencia Street
--Golden Gate Ballet Center 3435 Army Street
--Small Press Traffic 3599 24th Street
--Southern Exposure Gallery 401 Alabama Street
--Precita Eyes Muralists 348 Precita Avenue
--Mission Cultural Center 2868 Mission Street
--El Teatro de la Esperanza, 1292 Potrero Street

APPENDIX G : Definitions and Classifications of Business Types

I. For Profit Arts and Entertainment

1. Art Galleries- Studios (Photography, Paintings, Posters, etc.)
2. Entertainment- (Movie Theaters, Night Clubs, etc.)
37. Restaurant / Jazz Club

II. Businesses Which Supply Arts Producers

3. Art Supplies
4. Costume Shops / Dance Supply
5. Non-Musical Equipment Rentals (Arts Oriented) 6. Musical Equipment / Store (Sales and Rental)

III. Business Which Cater to Arts Consumers / Audiences

7. Bars
8. Coffee Shops, Ice Cream Parlors, Pizza, Deli, Fast food
9. Restaurants / Cafes

IV. Businesses Which Locate Near the Arts to Benefit from the "Artsy" Environment and Ambience.

10. Antiques
11. Gift Shops, Novelties
12. Clothing Shops and Boutiques
33. Posters, Prints, Framing, Lithographs

V. Neighborhood Retail Goods and Services

13. Grocery - Liquor (Meat, Fish, Produce, Health Food, Donuts, Deli [takeout], Bakery)
14. Retail Goods (Pet Store, Greeting Cards, Drug Store, Hardware, 5&10, Woolworth's, etc.)
15. Neighborhood Service (Shoe Repair, Dog Grooming, Laundry, Dry Cleaners, Barber / Beauty Salon, Appliance Repairs, Video Rentals)
16. Office Supplies
17. Books

VI. City / Regional Oriented Businesses

18. Banks and Financial Institutions
19. Hotels and Motels
20. Professional Offices (Medical, Legal, Accounting, Insurance, Real Estate, Architect, Engineer)
32. Professional Crafts and Skilled Services (Plumbing, Electrical, Construction, Mechanics)
33. Computers (Service and Sales), Copy Services
38. Arts Related Professional Offices

VII. Undesirables

21. Porno Shops, Reader / Advisor, Massage Parlors, Coins, Amusement

VIII. Other Retail Commercial

22. Other Retail Commercial 34. Parking Garages 39. Gas Stations

IX. Non-Retail Commercial

23. Wholesale 24. Manufacturing / Factory, Printing 25. Warehouse

X. Non-Commercial Activities

26. Vacant Property (Store or Building)
27. Vacant Lot
28. Residence
29. Non-profit Community Organization / Human Services / Church
30. Public, Government, School, etc.
31. Non-profit Art Organization or Facility
36. Other Non-Commercial Activity

XI. Missing Values

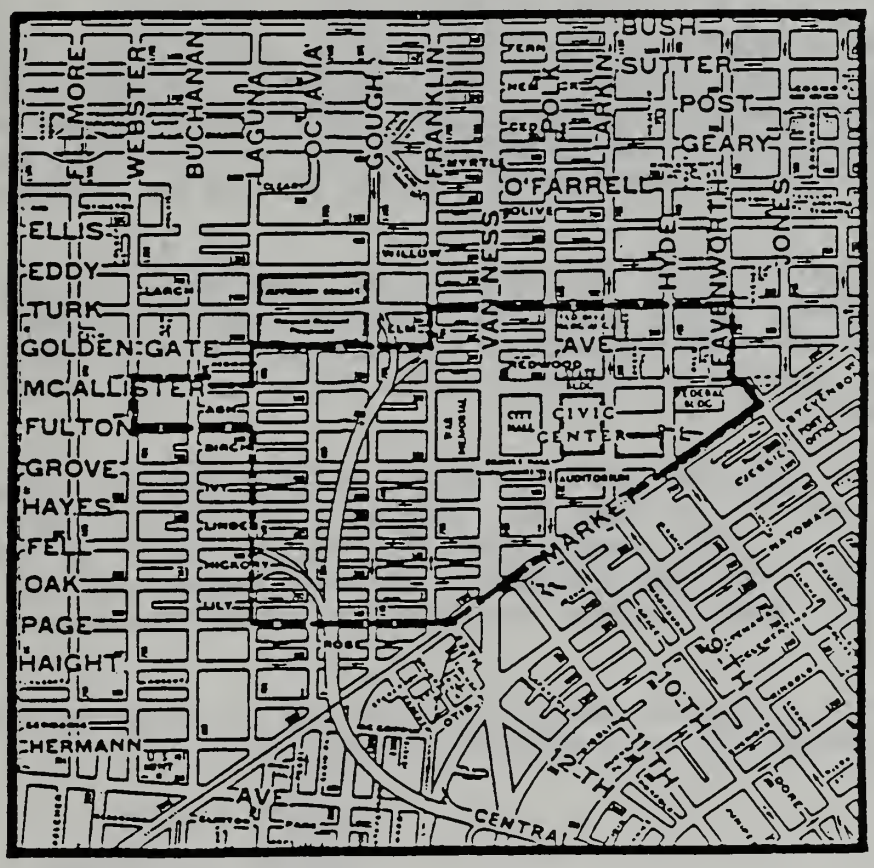
88. Low Level Mixed Uses (Pre Opera Plaza)
99. Unclassifiables / Unknown, Miscellaneous

APPENDIX H: Merchant Survey Questionnaire

Civic Center Merchants Survey

Sponsored by

San Francisco Arts Commission



PUBLIC RESEARCH INSTITUTE

SAN FRANCISCO STATE UNIVERSITY

San Francisco State University

1600 HOLLOWAY AVENUE • SAN FRANCISCO, CALIFORNIA 94132

Public Research Institute

August 28, 1986

Dear Business Owner,

We are conducting this survey to learn what effects, if any, arts organizations have had on your business and on business conditions in the Civic Center-Van Ness commercial district. The survey is part of a larger study of the economic impacts of the non-profit arts in San Francisco. It is sponsored and funded by the San Francisco Arts Commission.

By "arts" we mean any type of art production, performance or exhibit (dance, music, galleries, museums, etc.) offered by arts organizations in your district. The boundaries of the Civic Center-Van Ness commercial district are shown on the cover of the questionnaire.

Even if the arts have no effect on your business, we still ask you to take 5 minutes to complete and return the enclosed questionnaire. The information you furnish will be completely confidential. Your participation will help assure that our findings represent the true opinions and feelings of businesspeople in your district.

I would be glad to answer any questions you might have about the survey. Please call me at 469-1178. Thank you!

Sincerely yours,

RICHARD E. DeLEON, Ph.D.
Director

RETURN THIS QUESTIONNAIRE TO
PUBLIC RESEARCH INSTITUTE
DEPARTMENT OF POLITICAL SCIENCE
SAN FRANCISCO STATE UNIVERSITY
SAN FRANCISCO, CA 94132

Q1. For each of the following statements, please indicate whether you strongly agree with it, somewhat agree, somewhat disagree, or strongly disagree with it. If you can't say or don't know, just say that. (Circle the number of your response.)

	Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree	Can't Say
A. "The arts in my neighborhood have contributed to a safer business environment."	1	2	3	4	5
B. "If all the arts in my neighborhood were replaced by other types of organzations or businesses, my business would not suffer."	1	2	3	4	5
C. "The arts in my neighborhood attract customers to my business who otherwise would not come."	1	2	3	4	5
D. "I change the work schedule of my employees to fit with the scheduling of arts performances or exhibits in my neighborhood."	1	2	3	4	5
E. "My business has a special appeal to patrons of arts performances or exhibits in my neighborhood."	1	2	3	4	5
F. "I have in some ways altered the design or decor of my business establishment to appeal to arts patrons in my neighborhood."	1	2	3	4	5
G. "The arts have been a major cause of parking problems in my neighborhood."	1	2	3	4	5

Q2. In what year did you open your business in this neighborhood commercial district?

YEAR: _____

Q3. The following questions ask you to recall what the local conditions were like when you first opened your business and to estimate how much they influenced your decision to locate here. Try your best to answer. If you just can't say or don't remember, please say that. (Circle the number of your response.)

As a factor in deciding to locate your business in this commercial district, how important was:

	Very Important	Somewhat Important	Not Important	Can't Say
A. ...the rent or purchase price of the property	1	2	3	4
B. ...the anticipated commercial growth in the district	1	2	3	4
C. ...the level of safety in the neighborhood	1	2	3	4
D. ...the presence of arts organizations in the neighborhood.	1	2	3	4
E. ...the prospect that arts employees or audiences would patronize your business	1	2	3	4

Q4. From the time you first opened your business in this district, would you say that the quality of the business environment here has: (Circle answer.)

1. Improved
2. Remained the same
3. Deteriorated
4. Don't know, can't say

Q5. In your judgment, what contributions have arts organizations made, directly or indirectly, toward improving business conditions in your district?

1. Very important
2. Somewhat important
3. Not important
4. Don't know, can't say

Q6. In your judgment, what contributions have arts organizations made, directly or indirectly, to the financial success of your business in this district?

1. Very important
2. Somewhat important
3. Not important
4. Don't know, can't say

Q7. In your judgement, what contributions have arts organizations made, directly or indirectly, to the saftey of the business environment?

1. Very important
2. Somewhat important
3. Not important
4. Don't know, can't say

The next few questions ask about characteristics of your business. Some of them will ask you to recall what things were like in 1975 -- or what they were like when you first opened your business, if more recent than 1975.

Q8. What type of business do you operate at this address (e.g., restaurant, drug store, bar)?

TYPE OF BUSINESS: _____

Q9. Please make an educated guess as to the percentage of your customers who are employees or patrons of the arts in your district.

1. None
2. 1-5%
3. 6-10%
4. 11-15%
5. 16-20%
6. 21-40%
7. More than 40%
8. Can't say, don't know.

Q10. What is the approximate square footage of your business space at this address?

SQUARE FEET: _____

Q10A. As best you can recall, what was the square footage in 1975 (or when you first opened business)?

SQUARE FEET: _____

Q11. How many workers do you employ at this address?

No. of FULL TIME (30 hrs + per week): _____
No. of PART TIME (less than 30 hrs per week: _____

Q11A. As best you can recall, how many did you employ in 1975 (or when you first opened business)?

No. of FULL TIME: _____
No. of PART TIME: _____

Q12. Do you own or rent this commercial space?

1. Own [SKIP TO Q13]
2. Rent

↳ Q12A. What monthly commercial rent do you pay at this address?

1. Less than $1,000
2. $1,001 to $2,500
3. More than $2,500

Q12B. In your best estimate, how much has your rent increased since 1975 (or when you first opened business)?

1. Less than 25%
2. 25 to 49%
3. 50 to 74%
4. 75 to 99%
5. More than 100%
6. Don't Know, Can't say

Q13. Please use the space below to comment on the economic impacts of the arts in your commercial district. These impacts might be direct or indirect, positive or negative, obvious or subtle. If you think they are important, please mention them to us here:
(Use reverse if necessary)

_____

_____

_____

_____

_____

_____

THANK YOU VERY MUCH FOR YOUR TIME AND CONSIDERATION!

[ ] Check here if you would like to receive a summary of our survey results.